AFFORDABLE HOUSING POLICY STATEMENT

A RESOLUTION TO APPROVE THE CITY OF SAVANNAH AFFORDABLE HOUSING POLICY STATEMENT.

WHEREAS, the rising cost of real estate and construction in and around the City of Savannah is making it increasingly difficult for low- and moderate-income households—including our blue collar workforce, senior citizens and those who live in poverty—to afford modest, quality, housing without subsidy, and

WHEREAS, household incomes do not appear to be keeping pace with rising housing costs resulting in more low and moderate income families and individuals unable to purchase or rent decent and attractive housing, and

WHEREAS, mortgage payments are a great difficulty for many residents of the City of Savannah, and

WHEREAS, effective strategies are needed to provide affordable housing for our low and moderate-income residents, our seniors, and those who live in poverty.

NOW THEREFORE BE IT RESOLVED, that affordable housing shall be defined as housing for which persons of any income group pay no more than 30% of their gross annual household income for rent and/or mortgage payments to occupy modest, quality, housing that is decent, safe and sanitary, and

BE IT RESOLVED, that the policy of the Mayor and Aldermen of the City of Savannah will be to support the development and retention of affordable housing, and
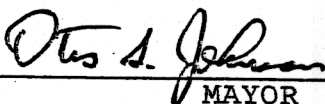
BE IT RESOLVED, that the City of Savannah will:

- Utilize all available federal, state and local government and private sector resources in support of affordable housing.
- Support the creation of new local public and private funding sources and partnerships for affordable housing.
- Support government regulations, zoning, codes, standards and incentives that encourage the production of quality, sustainable, affordable housing.
- Support the acquisition of property for the development of mixed-income affordable housing with compatible commercial/retail where possible.
- Support the redevelopment of public housing combined with mixed-income affordable housing and appropriate commercial/retail where possible.
- Support affordable housing construction in both developed and newly developing areas of the City including zoning, density standards and other tools.
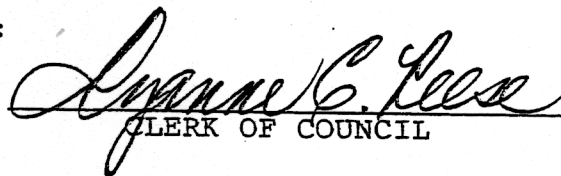
- Support "green" affordable housing development.
- Support affordable housing development that is architecturally compatible with adjoining properties and neighborhoods.
- Support affordable housing development that considers neighborhood input and suggestions for making affordable housing neighborhood compatible.
- Increase home ownership, particularly among households earning less than median income.
- Increase the supply of quality rental housing, particularly for those earning less than 60% of median income.
- Support housing for homeless and special needs populations.
- Support transportation improvements that enhance access to employment and affordable housing.
- Support incentives and/or requirements for a portion of new housing to be affordable.
- Support efforts to educate the public about affordable housing as a way to increase acceptance of affordable housing initiatives.

BE IT FURTHER RESOLVED, that the Downtown Master Plan will include an affordability component for the downtown area and nearby neighborhoods.

ADOPTED AND APPROVED: August 16, 2007

_____
MAYOR

Attest:

_____
CLERK OF COUNCIL

RESOLUTION

WHEREAS the Mayor and Aldermen of the City of Savannah understand that it is critically important for communities to continually address the need for affordable housing for Savannah's workforce and its lower income citizens; and

WHEREAS the City of Savannah and its partners have a history of providing financial and technical support for the development and retention of approximately 500 housing affordable housing units each year; and

WHEREAS recent increases in real estate values in Savannah make it increasingly difficult for Savannah's blue collar workforce and its low income citizens to live in quality, affordable, housing; and

WHEREAS providing decent, attractive and affordable housing will help the economic vitality of the City of Savannah; and

WHEREAS housing experts agree that regulatory barriers can significantly add to the cost of housing or even prevent its construction; and

WHEREAS the United States Department of Housing and Urban Development created the *America's Affordable Communities Initiative* to help communities address the need for regulatory reform and to help reduce the costs of affordable housing; and

WHEREAS the United States Department of Housing and Urban Development encourages local communities to develop local solutions and programs to address regulatory barriers to affordable housing; and

WHEREAS the United States Department of Housing and Urban Development, through the *America's Affordable Communities Initiative*, has created the *National Call to Action for Affordable Housing Through Regulatory Reform*, and is hereby asking communities to make a pledge to form task forces to examine their own regulations and to become a participant in the **Nation Call to Action**; and
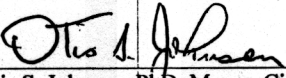
WHEREAS the *National Call to Action* will create a network of participants around the country that can share progress, ideas, solutions and information with one another; and
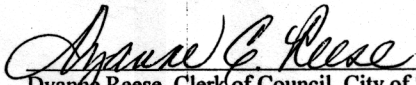
WHEREAS the City of Savannah finds it to be in the public interest of serving its citizens to commit to the pledge and to become a participant in the *National Call to Action*.

NOW, THEREFORE, BE IT RESOLVED that:

1. The City of Savannah hereby accepts the United States Department of Housing and Urban Development's call to become an active participant in *its National Call to Action for Affordable Housing Through Regulatory Reform*; and

2. The City of Savannah will further create a task force to review local, state and federal laws and regulations with the goal of reporting back to the Mayor and Aldermen within one year from the date of this Resolution with recommendations for changes in the regulatory framework that will help produce more affordable housing for Savannah's workforce and low income citizens.

Adopted this 21st day of June 2007.

_____
Otis S. Johnson, PhD, Mayor, City of Savannah

_____
Dyanne Reese, Clerk of Council, City of Savannah

Focus Group Attendees Contact Information

Last Name	First Name	Organization	Consumer-Renters	Consumer-Homebuyer	Consumer-Homeowner	Consumer-Special Needs	Consumer-Workforce	Housing & Community Organization	Homebuilder/Developer/ Design Profession	Neigh Commercial/ Mixed Use	Financing/Funding
Anderson	Bernetta	Hudson Hill Neigh						X			
Austin	Tawanna	Resident	X								
*Baggett	Mark	Homeless Authority				X					
Bartley	Deatha	Resident	X								
Bayard	Greg	Parallel Housing									X
*Beier	Bernie	BB&T									X
Bowers	Lorraine	DFCS						X			
Brown	Virginia	CE Habitat for Humanity						X	X		
Carangelo	Jason	COS-Dev. Svc							X		
Chisolm	Edward	Neigh. Improv. Assoc		X							
Coleman	Shedrick	Cowart & Coleman								X	
Colson	Chris	GLSP	X			X					
*Davis	Earline	HAS	X								
Dawson	Wayne	SCFAC		X		X					
Dempsey	Bill	Dempsey Land Design								X	
*Dixon	Anita Smith-	Wachovia		X							
Duffy	Megan	COS/EDD					X			X	
Edwards	Christy	United Way				X					
Ervin	Andre	Resident	X								
*Fox	Aaron	A. Fox Construction							X		
Fretty	Martin	COS-Housing	X	X	X			X	X	X	X
Goldwire	Deborah	Resident	X								
Grabowski	Denise	Lott Barber Architects							X	X	
Grant	Victoria	Resident	X								
*Haddock	Robin	Mercy Housing						X			X
Harris	Tyrone	Tyco Construction							X		
Hodges	Betty	Resident	X								
*Hutton	Dennis	MPC								X	
Jackson	Ida	Resident	X								
*Johnson	Sidney J.	Landlord/Resident/ECC	X		X		X				
Karatassos	Eli		X								
King	Margo	Mercy Housing									
Landolt	Cindy	CWS/COS/Step Up					X				
Lopez	Hector	Lopez Construction							X		
McDonald	Tom	COS-Dev. Svc							X		
Mitchum	Leron	Land Bank Authority						X			
Mobley	Virginia	Thomas Square Neigh						X			

Last Name	First Name	Organization	Consumer-Renters	Consumer-Homebuyer	Consumer-Homeowner	Consumer-Special Needs	Consumer-Workforce	Housing & Community Organization	Homebuilder/Developer/ Design Profession	Neigh Commercial/ Mixed Use	Financing/Funding
*Oglesby	Pamela	W. Savannah Resident	X		X	X			X	X	
Peacock	Randy	Melaver, Inc.							X		
Phillips	Corey	SSU Revitalization							X		
Pierce	Carol	COS-Housing		X	X						
Pope	Cam	Melaver, Inc.								X	
Robinson	Letitia	Union Mission				X		X			
Roper	John	Volunteers of America, SE						X			
Saddin	Benita	Resident	X								
Singeisen	Scott	SCAD							X	X	
Smith	Melanie	Savannah Tech/Step Up					X				
Sundrla	Lise	SDRA								X	
Taulbee	Helene	Mercy Housing						X			
Thomas	Annie	Resident	X								
Thompson	Melanie	Mercy Housing						X			
Thompson	Ryan	Thomas & Hutton Eng							X	X	
*Thomson	Tom	MPC							X		
Tolbert	Terry	EOA			X	X					
Turner	Petrina	COS-Housing	X	X	X	X	X	X	X		X
Udinsky	Andy	Developer							X		
Udinsky	Gary	Developer							X		
Ware	Tyrone	Woodville Neigh/Franklin Bank				X					
Watkins	Malik	CVIOG				X	X	X	X		
White	Ebony	DCA									X
Williams	Joyce	Resident	X								
*Wilson	Corde	Beacon Builders		X					X	X	
Wilton	Lori	Franklin Back									X
Wohlfeil	Steve	Hussey, Gay, Bell & Deyoung							X		

*Denotes Chair or Co-Chair

RENTAL PROPERTY CONSUMER FOCUS GROUP
Monday, November 26, 2007—3pm
Housing Authority of Savannah
Co-Chairs-Earline Davis & Sidney J. Johnson

What does affordable housing mean to you?

1. Affordable Housing:
     a. Housing that a tenant can afford to rent without public subsidy (i.e. rent subsidy, utility subsidy, development subsidy, property tax subsidy, etc.).
     b. Housing that costs no more than 30% of gross household income (includes rent and utilities).

2. Low-Income or Subsidized Housing: Housing that requires a public subsidy (i.e. rent subsidy, development subsidy, property tax subsidy, etc.) in order for the housing to be afforded by a renter while, at the same time, permitting the landlord to cover costs (i.e. debt service, taxes, insurance, maintenance, profit, etc.).

3. Basic Shelter: Housing that is typically considered substandard but that provides important, unsubsidized, basic shelter to renters who make so little that they cannot afford to rent property in better condition.

What obstacles do landlords face when seeking to rent housing to low-income renters?

1. Renters unable to afford rent payments that are necessary for landlords to cover costs (i.e. debt service, taxes, insurance, maintenance, profit, etc.).
     a. Example – Landlord said 3-bedroom apartment needs to rent for $1,200 a month to cover all costs and modest profit. This would require that renter's annual gross income be between $48,000 (15% of income) and $96,000 (30% of income) in order for the renter to afford the apartment without public subsidy.
     b. Landlords feel that HUD fair market rents are too low for them to them to provide quality housing.
          i. 0 Bedroom = $583
          ii. 1 Bedroom = $631
          iii. 2 Bedroom = $703
          iv. 3 Bedroom = $933
          v. 4 Bedroom = $963
     c. Landlord can not meet the above incomes because of material costs, taxes, insurance, interest rates, etc…
     d. Landlords estimate that low-income renters can only pay 10% to 15% of the gross income for rent. This could increase to 25% to 30% for rent and utilities.
2. Renters unable to pay deposits.

What obstacles do landlords face when trying to maintain affordable rental housing in good condition?

1. Renters cannot afford rents large enough for landlords to include more than basic maintenance.
2. Renters damage property requiring costly repairs.
3. Some evicted renters steal appliances and other items driving up maintenance costs and rents.
4. Money that might be used for maintenance is diverted to pay rising property taxes and insurance premiums.

Are any of the obstacles regulatory?

1. No property tax relief for affordable rental housing—unless housing is part of historic tax credit renovation.
2. State Historic Preservation Office and U.S. Department of Interior regulations when renovating housing older than 50 years impede use of contemporary materials including low-maintenance materials (ie Hardie siding/trim to replace old wood siding/trim; vinyl or cellular PVC frame windows instead of new or repaired wood windows;); impede removal of interior materials, walls, features; archeological reviews; etc. all add cost and/or hassle to the development of affordable rental housing.
3. HUD lead paint regulations add cost to renovation and dollar limits do not increase for inflation—making it very likely that all rental housing repair projects will require interim controls or abatement in the near future rather than the more cost effective safe work practices.
4. Davis-Bacon wage rate and monitoring requirements add cost to housing developments that result in the construction/renovation of 8 or more units using CDBG or 12 or more units using HOME funds.
5. Bringing properties into compliance with local property maintenance codes costs money which results in the need to increase rents which, in turn, makes housing unaffordable to low-income renters without public subsidy.
6. There are not enough Section 8 vouchers to help all of Savannah's low-income renters afford rental housing in standard or better condition.
7. No inspection requirements for private-sector landlords resulting in slum properties.

Proposed Solutions

1. Make HUD aware of SHPO, Dept of Interior, Lead Paint, Davis-Bacon and other HUD related barriers that increase the cost of providing affordable rental housing.
2. Seek additional Section 8 vouchers and project based certificates that can be used to help produce and retain quality rental housing in conjunction with City and/or HAS supported neighborhood revitalization initiatives.
3. Develop incentive based code compliance programs that may include:

     a. Small CDBG improvement loans/grants for non-paint disturbing repairs (ie roof, electrical, plumbing, heating) for rental property rented to low-income households in low-income Census tracts.

     b. Property tax relief for rental property rented to low-income households in low-income Census tracts with annual certification that 1) property meets minimum housing code requirements, 2) at least 51% of tenants are low-income and 3) property is crime free.

4. Establish local, non-federal, housing fund that can provide funds for rental housing development, maintenance and rent subsidies.
5. Continue to seek Low Income Housing Tax Credit, Section 202, and other funding for the production of quality rental housing for families, seniors and special needs populations.
6. Continue to purchase property that can be developed with affordable rental housing—particularly in areas that could experience wholesale gentrification and in areas near employment centers.
7. Modify CHSA Rental Program to not only include low interest loan to landlord for rehabilitation, but provide rental subsidy to families renting unit.

Attendees:
1. Earline Davis
2. Sidney J. Johnson
3. Pamela Oglesby
4. Eli Karatassos
5. Janice Watkins
6. Petrina Turner
7. Martin Fretty
8. Chris Colson
9. Malik Watkins

What does affordable housing mean to you?

1. Housing a person can afford based on the income a person receives monthly.
2. Housing a person can afford based on fixed income or unemployment.
3. Housing that meets the basic needs of a person/family while still allowing the person/family to pay utilities, childcare and save without a financial burden.

What obstacles do tenants in renting housing?

1. Poor Quality in Affordable Apartments—Tenants who move out of public housing into "market rate/affordable units" (from the tenants perspective—i.e. Strathmore) do not find quality affordable housing and/or may struggle to pay the bills. Moving from paying no rent or very little rent to paying $450 for a 2-bedroom can be daunting for tenants and since they are now paying higher rents, they have a higher expectation to live in quality homes. Landlords are not maintaining and making repairs to the units thereby creating higher utilities with poor insulation, leaking roofs and leaking pipes.
3. Bad Credit—Tenants have bad credit so may not be able to live in the apartment they would like to live in.
4. Unknowledgeable—Tenants do not know where to begin or know what the first steps are when they want to buy an affordable home or even know where to start to try to improve their credit.
5. Unable to Save—Tenants are not able to save because rents are based on income. When tenants get a raise and have extra income to save, their rent goes up. It then becomes a cycle and they are put in the same position—living paycheck to paycheck.
6. In between income levels—Many tenants make too much money to qualify for various social programs (i.e. food stamps), but do not make enough money to provide solely for themselves. Example: One tenant works for the COS on a part-time basis and has been working for the City for over 20 years. Since she makes a decent hourly wage, she does not qualify for food stamps, but because she only works about 15 hours/week, she cannot get health insurance through the City job.
7. Costly Rents—For the lower income families, the HUD Fair Market Rents are still very costly.
   a. Rents:
      i. 0 Bedroom = $583
      ii. 1 Bedroom = $631
      iii. 2 Bedroom = $703
      iv. 3 Bedroom = $933
      v. 4 Bedroom = $963

8. Fixed/No Income—Not enough housing available to those on fixed income (i.e. Social Security).

Are any of the obstacles regulatory?
1. There are not enough Section 8 vouchers to help all of Savannah's low-income renters afford rental housing in standard or better condition.
2. Since many housing programs are based on income, if a tenant gets a raise, their rent payment goes up. Need to be some type of sliding scale or waiting period before rents go up to give the tenant a chance to save, pay off bills, or even get some type of training/financial class to aid in moving to the next level.
3. HUD Fair Market Rents are still high for the lower income families.
4. COS should allow all employees to be able to get health insurance, regardless if you are part-time or full-time.

Proposed Solutions
1. Seek additional Section 8 vouchers and project based certificates that can be used to help produce and retain quality rental housing in conjunction with City and/or HAS supported neighborhood revitalization initiatives.
2. Develop Housing Fund for City/County for developers to dump funds into in lieu of developing affordable housing in their community or make developers build a certain percentage of affordable housing within their community.
3. City/County need to do a better job in communicating various housing programs, financial seminars, etc…
4. Give incentives for commercial developers to bring certain businesses into the lower income neighborhoods (i.e. 24-hour pharmacies, grocery stores, banks).
5. Residents must seek information and seek to learn so that poverty does not become generational. Must leave something to heirs.
6. City/County need to ensure bus lines are in the new neighborhoods where the more affordable housing in being located (i.e. West Chatham).
7. Tie TADs with developers to building affordable housing in those districts.
8. Amend Stephen's Day so that heirs will be able to keep houses at same tax base as the original owners (should not change when home is being passed to heirs).
9. A tax needs to be developed to fund affordable housing within the community (i.e. City of Augusta ties hotel/motel tax to help fund affordable housing).
10. Residents should take an interest and learn about the various housing communities that are available and participate in the planning and development of new communities to ensure affordable housing is addressed.

Other:
If each person were guaranteed $1000/month, how much would you spend on rent?
*No more than $250 to $300 on rent alone.

Attendees:
Earline Davis
Sidney J. Johnson
Petrina Turner

Chris Colson
Martin Fretty
Joyce Williams
Annie Thomas
Victoria Grant
Deatha Bartley
Ida Jackson
Deborah Goldwire
Tawanna Austin
Benita Shacklin
Andre Ervin
Pamela Oglesby
Janice R. Watkins
Yolanda Fontaine

Renters/Landlords

Obstacles	Regulatory	Solutions
Low income renters cannot afford to pay more than 15% of income for rent or 30% of income for rent and utilities	No	1. Increase incomes 2. Increase Section 8 vouchers/certificates 3. Establish local rent subsidy program
HAS tenants report that if they had $1,000 a month net income, they would be able to spend $200 to $300 per month for rent	No	
Landlords say they need at least $1,200 a month rent to provide quality 3-bedroom housing and make modest profit	No	1. Reduce square footage and amenities so housing can become more affordable.
$1,200 a month rent requires at least $48,000 annual income to be at 30% of renter's income	No	
HUD fair market rents too low for landlords to offer quality housing and too high for renters to afford without subsidy 0 Bedroom = $583 1 Bedroom = $631 2 Bedroom = $703 3 Bedroom = $933 4 Bedroom = $963	Perhaps	1. Increase FMRs 2. Increase Section 8 vouchers/certificates
Low income renters unable to pay deposits	No	1. Funding for 1-time deposits
Tenant abuse and theft drives up costs	No	
Tenant eviction costs drive up costs	No	1. Funding for 1-time rent catch-up payments
Rising property taxes drive up costs	Yes	1. Property tax relief for affordable rental units for low income households that are supported/funded by City, HAS, LIHTC
Increasing insurance drive up costs	Perhaps	
HAS tenants report that safety is a major concern to them—in public or private neighborhoods—and would be willing to pay more to live in a safe neighborhood.	No	1. Neighborhood Watch 2. Crime Free Housing 3. Partner with Police
A HAS tenant reported that owners of private rental property are not maintaining their property in good, safe, working order.	Yes	1. Enforce housing codes 2. Offer affordable financing to landlords 3. Offer property tax relief to landlords 4. License rental property

Renters/Landlords

Ex-offenders & Crime Free Housing	No	1. Crime Fee Housing is a good thing for tenants when seeking to control the type and number of ex-offenders and trouble makers living in or visiting apartment communities. 2. Ex-offenders, however, have an increasingly difficult time finding quality housing. 3. Local modification of the Crime Fee Housing program may be needed so it does not punish ex-offenders who are trying to do the right thing—such as those who participate in the SIPs and other similar programs.

Tuesday, November 27, 2007—3pm
Chatham-Savannah Authority for the Homeless
Co-Chairs-Mark Baggett & Pamela Oglesby

What does affordable housing mean to you?

What obstacles do persons with special needs have securing housing?

1. Limited number of housing for disabled persons (including elderly).
2. Limited number of **affordable** housing for disabled persons (including elderly).
3. The Design & Construction requirements of the Fair Housing Act require bare minimum. Do not account for blind/deaf persons who may need blinking light for door bell, Braille knobs for oven/thermostat.
4. Extremely difficult for person with felony charges/coming out of prison to find housing due to the fact many rental units have crime-free housing.
5. Households receiving or paying child support is not counted as an eligible expense/income.
6. Due to layoffs, hospitalization/medical bills, family emergencies, many did not have adequate savings, resulting in homelessness.
7. Elderly not leaving wills, therefore, house becomes abandoned or need to be renovated, but family members can not sell or get renovation loan because house does not have a clear title.

What obstacles do housing providers face for special needs housing?

1. Many housing providers are not educated on fair housing laws.
2. Many developers can not build group facilities because of zoning laws/ordinances.
3. Federal Housing Act and State Fair Housing law not being enforced by City inspectors. Why? Local inspectors do not have the authority.
4. Local government—not enough staff needed to run program making it difficult to provide funds/services to special needs population (i.e. Emergency Assistance Program).
5. Not able to provide housing for military population when they have high turnover rate (moving in and out of apartment/house).

Other obstacles:
1. Housing units become abandoned by legal owners and squatters come to live in housing units.
2. 15-passenger vans not being able to get auto insurance, therefore, making it difficult for agencies to transport special needs population.

Are any of the obstacles regulatory?

1. Regulatory requirement in certain community's conflict with fair housing laws (i.e. Historic Districts).
2. Historic Review Board not allowing needed renovations for special needs persons' homes.
3. Zoning laws do not allow group homes or multi-unit apartments in certain areas.
4. No one enforcing Federal Housing Act or State Fair Housing law. Local inspectors unable to enforce.
5. Eminent Domain—not as easy to get land for blighted/abandoned property due to clouded title because homeowner not leaving wills.

Proposed Solutions

1. Historic Review Board need to modify laws to accommodate for special needs persons (i.e. should be able to add elevator if person in wheelchair).
2. Increase the number of programs to educate housing providers with fair housing laws (will decrease the number of persons suing landlords/tenants).
3. Standardize federal, state and local laws to allow city inspectors to enforce federal/state regulations.
4. Zoning laws need to be modified to include more multi-unit housing and group homes for special needs persons.
5. In developing mixed communities or large developments, a percentage should be dedicated to special needs persons to include elderly, disabled, etc…
6. Establish a housing fund where developers can purchase abandoned/dilapidated housing units and renovate to rent to or sell to special needs persons.
7. Establish fund where special needs person can receive loan/grant for emergencies bill/mortgage payments (homeowners), loans to take over higher-interest mortgage (homeowner), rent payment, prevent eviction, housing deposits and services to negotiate mortgages to prevent foreclosures.
8. Provide services to educate persons on financial management, fair housing laws, and predatory lending.
9. Allow landlords' tax incentives for renting to disabled/low-income households.
10. Educate person on advantages and disadvantages of Reverse Mortgages.

Attendees:
1. Mark Baggett
2. Pamela Oglesby
3. Letitia Robinson
4. Terry Tolbert
5. Petrina Turner
6. Christy Edwards
7. Chris Colson
8. Wayne Dawson
9. Malik Watkins

Special Needs Population

Obstacles	Regulatory	Solutions
Limited number of housing units, including affordable housing units, available for disabled persons	No Yes	4. Identify needs and seek funding for this type of housing and associated services 5. Need additional sources of funding for this form of housing including a local, non-federal, fund 6. Integrate "visitable" and other low cost design features into all new housing as part of building code. Need to make sure improvements for visually and hearing impaired are included in item 2.
Persons who lose employment, encounter medical problems, etc. can quickly miss housing payments and become homeless	No	1. Establish fund that provides interim housing payments for short period of time to avoid household becoming homeless 2. Expand number of "temporary" and "transitional" housing units that are available to assist households who have become homeless
Housing for military families	No	1. Need for housing that can be leased at reasonable prices for short periods of time to military families to accommodate their needs
Crime-free housing and housing for ex-offenders	Perhaps	1. Need to find solutions that provide housing for ex-offenders that helps them remain "ex-offenders" while protecting the interest of property owners and other residents
Zoning laws, ordinances, historic preservation requirements sometimes prevent construction of housing for some special needs populations	Perhaps	1. Needs further clarification and investigation
Fair housing laws difficult to enforce and/or comply with	Perhaps	3. Needs further clarification and investigation

What does affordable housing mean to you?
1. Housing you can afford based on the resources you have.
2. Housing that costs between 30-35% of household income.

What obstacles do existing homeowners face in owning and maintaining a house?
1. Title transfer when homeowner dies. New taxes are assessed when title is switched to family members' name-Stephen's Day ends at old tax rate (with original homeowner) and new assessment at higher tax rate begins with new owner.
2. Many homeowners have very little money to maintain/improve home. If unable to get City Home Improvement loan/grant, they will refinance or get high interest loan to make improvements. This leads to more debt which could lead to lien on home or even foreclosure.
3. Lack of education in maintaining a home and finances. Do not know when to get termite inspection, know when to replace A/C filter, know when not to refinance, etc…..
4. Lack of education in knowing how to pass on their estates to their children. Unfamiliar with wills, deeds, etc…
5. If living next to abandoned or dilapidated property, homeowner's house may not be appreciating (as much as it should be) making it difficult for banks to give homeowners' loans to improve their house.
6. Not knowing when to downsize. Many seniors do not want to downsize to a smaller home even when they do not have the means/funding to maintain the home because they have lived there for a long time, want to leave it to their children, and therefore, do not want to move.

Are any of the obstacles regulatory?

1. Lead Base Paint regulations have not changed dollar amounts to accommodate for inflation over the years; as a result, if a homeowner, for example, needs a roof and a paint job (over 5k), there are more lengthy and costly processes to go through prior to lending/granting dollars to homeowner.
2. Not enough federal dollars to aid in Home Improvements to low-to-moderate income families.
3. SHPO Review—Not allowed to take down walls to accommodate for seniors or others living in certain districts.
4. If using HOME funds for home improvements, must bring entire house up to code in order to fix a minute problem.
5. Eminent Domain—not as easy to get blighted/abandoned property due to clouded title because homeowner not leaving wills.

6. Abandoned/Dilapidated homes—City can place liens on homes if the City is cutting/cleaning/maintaining vacant lot; however, if the property owner continues to pay taxes, nothing can be done to force property owner to maintain property.
7. No regulations in place in not allowing predatory lenders to pry on uninformed homeowners when it comes to loaning money for home improvements/refinancing.

Proposed Solutions

1. SHPO laws need to be modified laws to accommodate for homeowners that are special needs, seniors, etc… (i.e. should be able to add elevator if person in wheelchair or knock out a wall to get more space).
2. Taxes on abandoned/dilapidated property should be assessed based on how much it could be worth if property was maintained. This allows the taxes on the property to be higher making it difficult for the owner to pay taxes on abandoned property forcing it to be sold on courthouse steps.
3. Establish a housing fund where developers can purchase abandoned/dilapidated housing units and renovate to rent to or sell to special needs persons.
4. Establish fund where homeowners can receive loan/grant for emergencies bill/mortgage payments (homeowners), loans to take over higher-interest mortgage (homeowner), and services to negotiate mortgages to prevent foreclosures.
5. Educate homeowners on how to leave estates to family members (wills).
6. Educate homeowners on how to maintain a home (i.e. termite bonds, A/C filters)
7. Educate homeowners on financial management.
8. Educate homeowner on how to avoid predatory lenders.
9. Educate person on advantages and disadvantages of Reverse Mortgages.

Attendees:
1. Pamela Oglesby
2. Sidney J. Johnson
3. Tyrone Ware
4. Terry Tolbert
5. Petrina Turner
6. Carol Pierce
7. Martin Fretty

Homeowners

Obstacles	Regulatory	Solutions
Many poor homeowners, particularly the elderly, cannot afford to borrow funds from banks to maintain their homes in good condition	No	7. Continue to offer and expand volunteer home repair/maintenance programs using CDBG and other funds to purchase materials 8. Continue to offer CDBG and other grants and loans that enable homeowners to hire contractors to make repairs 9. Establish local, non-federal, fund to help finance/fund home repairs for homeowners who cannot afford to borrow money from banks 10. Educate elder homeowners on pros/cons of reverse mortgages that could help them make repairs and enjoy the equity they have built in their homes 11. Encourage, where possible, homeowners to down size to smaller housing and, perhaps, quality rental housing with services for seniors
Homeowners don't understand the importance of routine home maintenance in avoiding costly future repairs	No	3. Educate homeowners on importance of routine home maintenance 4. Provide financial resources that help owners maintain houses in good repair
Falling behind in mortgage payments resulting in foreclosure or inadvisable refinancing	No	2. Continue and expand housing counseling programs that help homeowners avoid and/or navigate these types of problems
Sub-prime, predatory, lenders	No	2. Educate homeowners on how to avoid predatory lenders and about credible local programs that provide assistance to homeowners
Stephens-Day property tax relief is not transferable to family members who inherit and live in the "family" home	Yes	4. Work with state legislators to allow family members who inherit a the "family" house and who occupy the "family" house to maintain the tax benefit in place prior to inheritance
Lack of Estate Planning	No	2. Establish estate planning program for low-income homeowners that results in Wills or other vehicles that keep family asset in tact and accessible upon death of homeowner 3. Seek to establish a pro-bono estate planning program with local Bar, state Bar, Emory Law School and Mercer Law School

What does affordable housing mean to you?
1. The ability to fulfill financial mortgage obligation without paying more than 30% of the household income.
2. Housing particularly for those in the workforce (teachers, police officers, firemen, city employees, etc…)

What obstacles do homebuyers face prior to purchasing a house?
1. Many homebuyers want to pay monthly mortgage payments around what they pay in rent. If rent is $650, they only want to pay $750 in mortgage which is difficult to find meaning homebuyer would need some type of subsidy.
2. Limited income
3. High debts (i.e. healthcare, childcare, credit cards)
4. Other credit issues
5. Down-payment/Closing Costs—Homebuyers do not have enough money saved for closing cost or down-payments (Attorney fees can be extremely high).
6. More recently, underwriting guidelines have become stricter making it difficult for moderate-income households to get qualified for a home.
7. Location-some houses may be affordable but, homebuyer may not want to live in the area because of the perception of crime and want to make sure the home is near good schools. Also, more recently new housing has been developed in Pooler, Port Wentworth, but it is further from jobs and once the homebuyer adds in transportation costs to work, grocery store, gas, etc…, it becomes more costly.

What obstacles do homebuyers face after purchasing a house?
1. Financial Management—not knowing how to budget in maintenance, spending more money on furnishing the home, etc…
2. Unaware of how to maintain home. Do not know when to change HVAC filter, have house power washed, termite bond, etc…
3. Refinancing—Getting another loan that has higher interest rate and more stipulations than the first loan. May need quick money "right now", but do not look at the long-term problems that will arise financially.

Are any of the obstacles regulatory?

1. No regulations in place that allow mortgage lenders a certain number of days to notify homeowner before closing or changing loan type. Many lenders will switch loan type at closing and homebuyer will have a higher interest rate loan unknowingly.
2. City/County not enforcing code compliance on vacant/dilapidated property (overgrown vacant lots, Christmas lights on throughout the year, etc…)

3. Overpriced fees and regulations for housing developers, thus driving up the costs to build the house, resulting in a higher price home to sell. Ex 1: Subdivision Warranty Bond is 50% from City compared to 10% for other municipalities. Ties up money that could be spent elsewhere. Ex 2: Housing developer must add grass to building pad according to City regulations, but will have to rip up when building begins. Again, drives up the costs.
4. DCA programs and loan guidelines do not match FHA's guidelines.

Proposed Solutions

1. Tie down-payment assistance to financial management classes and allow a portion of the loan to be forgiveable (Ex. Homebuyer must attend a two hour financial management/home maintenance seminar annually as apart of having their loan forgiven).
2. Enforce city codes for both landlords as well as homeowners.
3. Have uniform costs for attorney fees to eliminate excess costs at closing.
4. DCA needs to limit or ensure that their guidelines match other loans that FHA insures.
5. Establish a housing fund for developers to build more affordable housing or for homebuyers for closing costs/down-payment assistance, particularly those who make above 80% AMI (make a little more than the HUD sponsored programs, but not enough to purchase home without subsidy) or for grant/loans to homebuyers to maintain/improve their homes.
6. Consider establishing a Land Trusts—A Land Trusts owns the land, but homebuyer owns the house will aid in keeping property affordable.
7. Implement more Individual Development Accounts (IDA) to aid in teaching household how to save, then matching their savings.
8. Build in annual or semi-annual inspections if receiving subsidy for homeownership and tie into loan forgiveness.

Attendees:
1. Anita Smith-Dixon
2. Martin Fretty
3. Petrina Turner
4. Carol Pierce
5. Edward Chisolm
6. Corde Wilson
7. Wayne Dawson

Obstacles	Regulatory	Solutions
Cost of modest, quality, house starts at about $120,000 and requires a $950 PITI monthly payment and a $40,000 annual income	No	12. Increase incomes 13. Offer down payment/gap financing through DreamMaker, DreamSavannah, Federal Home Loan Bank AHP, etc. 14. Establish a local, non-federal, housing fund to provide down payment and gap financing assistance
Limited HUD funds for DreamMaker and HUD income restrictions make it hard to help blue collar middle income, "workforce", households	No Yes	5. Establish a local, non-federal, housing fund to provide down payment and gap financing assistance where HUD funds are not available 6. Provide assistance to households earning up to $70,000 annually 7. Encourage local employers to offer employer assisted home purchase and IDA programs similar to those offered by the City and United Way/NIA 8. Encourage HUD to remove income restrictions that limit participants
Poor credit	No	3. Establish credit repair and counseling programs to "grow" future home buyers
High debt loads	No	5. Establish debt reduction and counseling programs to "grow" future home buyers
Post purchase education	No	8. Establish financial management programs to help buyers establish and maintain budgets after purchasing house and to keep them from jeopardizing their homes through excessive spending, refinancing and bankruptcy 9. Establish home maintenance programs to educate homeowners on importance of maintaining their home in good condition after purchase 10. Link forgiveness of DreamMaker assistance to buyer participation in items 1 and 2
Housing location and transportation costs	No	1. Educate buyers on added transportation costs when housing purchased is located far away from work/school 2. Seek to purchase property for affordable housing near all major employment and education centers
Perceived and real crime drives buyers away from affordable	No	2. Work with police department to resolve this problem

Home Buyers

housing pockets		3. Market qualities of neighborhoods

Home Buyers

	Regulatory	Solutions
Perceived and real concerns about public schools in some neighborhoods	No	1. Work with school system to address this problem
Sub-prime lending	Perhaps	1. Work with legislators to toughen lending laws concerning interest rates, lender fees, attorney fees, etc. that often hurt low-income buyers 2. Work with Board of Realtors to make sure their members are not referring customers to high risk lenders in order to close a sale and earn a commission the quickest way possible 3. Work with DCA to establish a credible mortgage product for "B" credit buyers in which interest rate and payment decrease after buyer establishes on-time payment record for 24 to 36 months

Underwriting requirements for DCA first mortgage product are too demanding for most low-income buyers and/or are not attractive to mortgage lenders	Perhaps	1. Work with lenders and DCA to seek changes that make first mortgage product more accessible

CONSUMER-WORKFORCE FOCUS GROUP
Friday, November 30, 2007—3pm
SDRA
Chair: Sidney J. Johnson

What does affordable housing mean to you?
1. Housing for those in the low-to-moderate income including those who make just above current program income (i.e. workforce housing—teachers, police officers, firemen, city employees).

What obstacles do employers face when trying to hire skilled, reliable workers?
1. Lack of technical skills.
2. Lack of soft skills—tardiness, call in sick, no pride in job.
3. Drug abuse
4. Lack of education

What obstacles do employees face when trying to find a job?
1. Not skilled
2. Not enough education
3. May be an ex-offender so can not find decent job (can not work in the healthcare industry), can not find affordable housing (many apartments are now crime free housing), and can not apply for grants/loans/HOPE funds to receive an education. Most ex-offenders work in construction, but employers do not want their name to get out as hiring "ex-offenders".

Are any of the obstacles regulatory?

1. Process for ex-offenders to re-enter into mainstream living is not cohesive. For example, when an ex-offender is released from jail they may have 30 days to find a job, if he/she does not have a Social Security Card, they have to apply for one and it may take longer than 30 days. Job applications require SS card and if he/she can not receive the card prior to looking for a job, it could be viewed as them breaking parole and the CYCLE starts all over again.
2. Time it takes to process applications for various government programs. Tons of paper work, not enough employees.

Proposed Solutions

1. City/County need to make bringing in jobs to the area a priority. People can not get jobs, purchase homes, pay for transportation, food, etc…, if there are not good jobs within the region.
2. Work with local employers to establish Employee Assisted Home Purchase Program (many teachers, police officers, City employees make more than the current HUD programs allow, but not enough to purchase their own house without some assistance).
3. Work to streamline the processes for various programs for ex-offenders.

4. Develop more programs that will aid in training unskilled workers with minimum education (i.e. Youthbuild).
5. Determine ways for ex-offenders to find affordable housing; work with state/parole officers.

Attendees:
1. Sidney J. Johnson
2. Malik Watkins
3. Petrina Turner
4. Cindy Landolt
5. Megan Duffy
6. Melanie Smith

Workforce

Obstacles	Regulatory	Solutions
Unskilled or Under-skilled Workforce	No	2. BOE, local universities, SEDA, Chamber of Commerce and others need to continue to try and find opportunities to offer technical skills training/programs that produce skilled workers and a workforce able to attract good paying jobs.
Difficult to find decent affordable housing (many teachers, police officers, City employees make more than HUD limits, but not enough to afford to purchase a decent home).	No	4. Establish a local housing fund that could provide assistance to these persons 5. Work with local employers to establish employee assisted housing programs.
Ex-offenders have a difficult time entering into the workforce and finding affordable housing in a living environment that is conducive to a successful re-entry into "society".	Perhaps	1. Need to work with programs like SIPs to develop a strategy for housing ex-offenders that are committed to remaining ex-offenders. 2. Need to revisit local Crime Fee Housing program to make sure that it does not hurt ex-offenders who are seeking to move ahead with their lives and follow the rules established by our society.

NEIGHBORHOOD FRIENDLY COMMERCIAL / MIXED USE FOCUS GROUP

What does neighborhood friendly commercial and mixed use mean to you?

1. Small, mom and pop, stores that provide services/products that the majority of persons living in neighborhood would support, use and purchase.

2. Larger stores, strategically placed, along major corridors in some neighborhoods that would provide services/products that the majority of persons living in a neighborhood and passing through a neighborhood would support, use and purchase. These stores typically require larger amounts of land and parking and a higher customer volume than would be found in the inner parts of neighborhoods.

What types of neighborhood friendly businesses are desirable?

1. Stores with appropriate products and that are appropriately located to serve, primarily, the majority of people who live in the neighborhood
2. Stores that sell stamps, copies, faxes, etc. that might be found in a "Mailbox Etc"
3. Stores that sell household goods (ie including sewing thread, shoe polish, shoe laces, etc.), medicines and groceries
4. Hair and beauty care
5. Laundries
6. Day care for children and seniors
7. Appropriate sized restaurants and snack shops (ie ice cream, hot dogs, pizza slices)

What obstacles do you encounter in developing neighborhood friendly commercial and mixed use?

1. Finding and purchasing appropriate sites.
2. Having adequate neighborhood population/housing/roof-top densities and disposable income to attract, support and sustain commercial enterprises.
3. Groceries, drug stores, banks and other chain stores are getting bigger—needing more space/land than some neighborhoods have.
4. Perceived and/or real issues concerning zoning, parking and other development requirements.
5. Automobiles make it too easy to shop outside a neighborhood and difficult to find parking within a neighborhood
6. Financing
7. Incentives to attract business
8. Finding investors that are capable and willing to open businesses
9. Zoning out "bad" uses (ie liquor stores, bars, nightclubs)

Are any of these regulatory?

1. Zoning, parking and other development requirements.
2. Zoning out "bad" uses (ie liquor stores, bars, nightclubs)
3. Incentives

Proposed Solutions?

1. Identify and adjust zoning, parking and other development requirements to encourage neighborhood friendly commercial and mixed use development.
2. Neighborhood Based Business Zoning (MPC) should help create the climate necessary to attract neighborhood benefiting businesses
3. Develop zoning that integrates residential, mix-use, business, etc.—rather than separates
4. Develop zoning and development standards that help create help keep neighborhood residents out of their cars and in the neighborhood for shopping, socializing, recreating, etc.
5. Consider more form-based or 3-D zoning
6. Support higher density housing development (with design standards that ensure quality design and materials) necessary to attract and sustain neighborhood benefiting business
7. Identify, develop and market incentive packages for existing businesses and new businesses
8. Market business plan/development programs
9. Develop support/TA programs to help business once open
10. Healthy neighborhoods include:
    a. People/density to support neighborhood life
    b. Homeowners and renters of varied incomes with personal connectivity to neighborhood and each other
    c. Property in good condition with design requirements that ensure a quality built environment
    d. Churches
    e. Schools
    f. Open space and parks
    g. Neighborhood friendly businesses
    h. Mixed uses

Attendees:
1. Dennis Hutton, Chair
2. Bill Dempsey
3. Scott Singeisen
4. Ryan Thompson
5. Shedrick Coleman
6. Martin Fretty
7. Corde Wilson
8. Pamela Oglesby

9. Aaron Fox
10. Megan Duffy
11. Denise Grabowski
12. Cam Pope
13. Lise Sundrla

Neighborhood Revitalization

Obstacles	Regulatory	Solutions
Abandoned structures and lots contribute to crime, blight, disinvestment, etc. all of which hurts property values, housing and desirability as a good place to live. Much of this property is believed to be "heir" property or property with cloudy title that makes securing financing for improvements impossible.	No Yes Yes Yes	15. Establish a pro bono Estate Planning service to help existing property owners create Wills or other tools that leave their property with clear title after their death 16. Tax vacant structures and lots as though they were in good condition and being used for highest and best use 17. Work with Board of Equalization to make sure it does not lower property taxes when property is contributing to decline of neighborhood 18. Work with state legislators to change Eminent Domain law to permit the City to acquire substandard vacant structures and lots in depressed neighborhoods when such property has cloudy title 19. Work with state legislators to permit City to "foreclose" on special assessment liens 20. Work with City, County and Land Bank Authority to acquire such property 21. Find new ways of working with police department to help address this problem
Property—mainly rental property --that is not well maintained	Yes	9. Vigorously enforce property maintenance codes—including systematic, block-by-block, inspections 10. Offer landlords in low-income neighborhood low-interest loans for building envelope and site improvements 11. Develop incentive program (tax abatement, low interest loans, etc.) for landlords in low-income neighborhoods who are willing to have their property inspected annually (and pass) for code compliance
Building permits that protect property owners from code enforcement actions but result in few, or very slow, property improvement	Yes	1. Cut down on length of time property owners can have open building permits when they are making repairs cited by property maintenance.
In appropriate commercial development in residential neighborhoods (ie liquor stores, bars, etc.)	Yes	2. Identify "unfriendly" neighborhood commercial uses and work to establish zoning and other requirements that prevent these types of business from opening and/or remaining open.

HOUSING & COMMUNITY ORGANIZATION FOCUS GROUP
Tuesday, December 4, 2007—3pm
Mercy Housing
Chair: Robin Haddock

What does affordable housing mean to you?
1. Housing for households making 50% or less or below (Habitat for Humanity's definition)
2. Housing where costs do not exceed 30% of gross income.
3. Housing that offers more than living space, but offers social services programs.
4. Housing for those who earn slightly more than what many programs provide for. Ex: Those persons make a few dollars more than income limitations of the Dream Maker Program, Habitat's Program, DCAs, etc…
5. Affordable housing includes workforce housing (teachers, polices, firemen, City employees)
6. Housing that allows person to afford where they live or want to live.
7. Must know the target market when trying to build "affordable housing" because what Jane Doe can afford may be significantly higher than what Tom Jones can afford. The "30% of gross income" is insignificant when you are providing housing for a millionaire.

What obstacles do non-profit housing organizations have in producing affordable housing?
1. Rising cost of material
2. Rising cost of vacant lots/land
3. Availability of land that have clear title.
4. Ability to find suitable/buildable land
5. SHPO/Historic Reviews, Lead-based paint and Davis Bacon stipulations (more paperwork, less time to spend on developing, resulting in losing money)
6. Coordinating building codes and knowing when to do what.
7. Rising cost of insurance (Workman's Compensation, Property Liability, Hurricane Insurance, etc…)
8. Time and paperwork in dealing with Environmental Reviews and Noise Studies.
9. New requirements drive up prices, but many non-profits can not pay a consultant to manage requirements, resulting in non-profits being left to figure out requirements. More timely and drive up cost even more.

What obstacles do non-profits face in managing/maintaining affordable housing?
1. Being able to work with renters when they have to juggle all their costs (rent, gas, daycare, food—which one do they pay first?). Many renters at Mercy make too much to receive food stamps, but not enough to manage bills and have enough money for food.
2. Increase in property taxes. Although the non-profit may manage the property, taxes are based on ownership and the law does not give the non-profit a break when it comes to property tax.
3. Renters not having enough money for deposits.

4. Renters not earning enough money to lease an affordable apartment.
5. Some renters barely meet low end of income limits, but are able to qualify for an apartment; however, if hiccup is thrown in their situation (i.e. car breaks down, child gets sick, etc…) they are unable to pay other bills.
6. Not enough outside assistance (i.e. emergency funds to help those who may need to pay their electricity bill this month or need help with deposits or even to help them not get to the point of eviction).
7. Difficult to maintain units when outside neighbors (teens) vandalize property.
8. When vandalism occurs, it takes a long time before the police will show up. Police can not arrest teen if property owner did not see vandalism, even if the neighbors saw him/her. This results in property manager hiring security which (again) adds another layer of costs.
9. For homeowners, after living in home for a few years, they may know have more bills, so instead of waiting until the five year period ends (if in Dream Maker Program) to have the loan forgiven, they need money "right now" and will refinance a 0% interest rate loan to a 10-13% loan.
10. Many renters, particularly those using Section 8 Vouchers, know the laws and when they try to use it against the landlords, the landlords evict them resulting in renters being afraid to speak up and they continue to live in bad conditions.

What obstacles do non-profits face in working with neighborhood organizations to develop affordable housing?
1. From a neighborhood association's perspective, some developers may not
   a. Develop what they originally said they were going to develop (design)
   b. Allow the house or rental unit to even be "affordable"
   c. Design house that do not fit in with the character of the neighborhood
   d. Communicate with the neighborhood residents.
2. From a non-profit's perspective, as long as they communicate with neighborhood associations and have a working relationship with them, non-profits do not face many obstacles in working with neighborhood associations.
3. Many affordable housing being built and sold within a neighborhood is not affordable for that community.

Are any of the obstacles regulatory?

1. High taxes for non-profits who manage affordable housing property (i.e. Mercy Housing).
2. Code enforcement regulations
3. Zoning regulations—need to change many zoning codes
4. Slow process for getting permits
5. Those with criminal backgrounds, although they are trying to get back into mainstream, can not get housing. Most apartments have "crime-free housing rules."

Proposed Solutions

1. Establish law to aid in tax relief for non-profits who develop affordable housing.
2. Establish law to aid in tax relief for landlords who rent to low-income to moderate income families.
3. Improve process in receiving permits
4. Improve inspection/codes.
5. Establish Housing fund to help renters with deposits, emergency funds, evictions, etc...
6. Have laws for inclusionary zoning.
7. Have ongoing education for Stephen's Day
8. Have design standards for more neighborhoods.
9. Enforce Landlord Responsibility Act/Owner Responsibility Act.
10. More education on tenant's rights
11. Not enough land to build on within the City. Solution—Annex more land into the City.
12. For larger developments, including private, make developers pay into Housing fund or develop affordable housing units in their project.
13. Need police to be more active with affordable housing communities (i.e. Mercy Housing)

Attendees:
1. Robin Haddock
2. PetrinaTurner
3. Bernetta Anderson
4. Virginia Mobley
5. Malik Watkins
6. Leron Mitchum
7. John Roper
8. Martin Fretty
9. Lorraine Bowers
10. Virginia Brown
11. Melanie Thompson
12. Helene Taulbee
13. Margo King
14. Letitia Robinson

Housing & Community Organization

Obstacles	Regulatory	Solutions
Rising cost of material	No	3. Establish Housing fund to aid in material costs for developers building affordable housing.
Rising costs of vacant lots/land	No	Establish Housing fund to aid in material costs for developers building affordable housing.
Availability of land to have clear title	Yes	3. Modify Eminent Domain laws to accommodate for cities that are purchasing abandoned/vacant lots/buildings for the purpose of redevelopment.
Ability to find suitable/buildable land	No	1. Annex more land into the City
HUD Regulations – SHPO	Yes	1. Need reform
HUD Regulations – Lead Paint	Yes	1. Need reform
HUD Regulations – Davis-Bacon	Yes	1. Need reform
Coordinating and understanding building codes	Yes	1. Make terms and codes easy enough for developers to read and understand.
Rising costs of insurance (Workman's Comp, Property Liability, Hurricane Insurance)	Perhaps	1. Establish Housing fund to aid in material costs for developers building affordable housing.
Time and paperwork in conducting Environmentals & Noise Studies	Yes	1. Need reform
New requirements drive up prices and many non-profits cannot afford to pay consultants to manage, resulting in non-profit being left to figure out requirements (more timely, more costly)	Yes	1. Limit requirements 2. Improve process for obtaining permits. 3. Improve inspections/codes.
Working with renters who have to juggle their costs to pay rent	No	1. Have financial literacy classes; need more jobs in local area.
Increased property taxes	Yes	1. Develop some sort of tax abatement/aid in tax relief for non-profits who develop affordable rental housing.
Renters not having enough money for deposits	No	1. Implement programs that will assists with deposits.
Renters not having enough money to rent even the "affordable" apartments.	No	1. Set aside more money into rent subsidy programs.

Housing & Community Organization

Not enough outside assistance (i.e. emergency funds for those who may need to pay electric bill or pay rent prior to eviction)	Yes	1. Increase the funding for programs to assist with emergency bills and increase the number of employees that work with these programs.
Difficult to maintain units when outside neighbors vandalize property	Yes	1. Increase police presence
When vandalism occurs, takes a long time before police will come to scene.	Yes	1. Police needs to have a short time span as to when a crime is reported and when the police are on the scene.
Homebuyers refinancing home just shy of their DM funds being waived.	No	1. Education
Although renters may know the law and could demand the landlords maintain their property, many landlords use that as a mechanism to threaten eviction. This leaves the renters afraid to speak up allowing them to live in bad conditions	No	1. Implement building codes for landlords. 2. Establish tax relief for landlords who rent to low income residents.
From a neighborhood's perspective, some developers may not develop what was originally stated, allow the units to be "affordable", design homes that fit in with character of neighborhood, or communicate with neighborhood residents.	No	1. Developers need to meet with neighborhood residents/associations and work to develop designs that are compatible with neighborhoods. 2. Give subsidies or tax breaks for developers who will rent to low income residents. 3. Have design standards for more neighborhoods.
Not enough affordable housing	No	1. Establish Housing fund

What does affordable housing mean to you?
1. Housing to include workforce and not just low-income households.

What are the motivating factors in financing affordable housing?
1. Help with credit restoration
2. Good feeling to help those in need
3. There is a need for banks to focus on low-to-moderate-income families get into affordable housing.

What obstacles do you encounter when trying to fund and/or finance affordable housing?
1. Credit issues
2. Income
3. No money for down payment or closing costs.
4. Being able to find affordable housing in a community with good schools and in a neighborhood perceived to be safer.
5. Many homebuyers are choosy as to what they are looking for in a house and their desires may not match their finances.
6. Difficult to get final inspections because contractor do not want to put appliances in house for fear of theft, but need appliances in order to pass inspection.
7. Realtors who do not care about placing the homebuyer in a house at the right time (they may need to wait a few months to get their credit together), but rather sell to homebuyers who may have a very high interest rate.
8. More time consuming to process low-income households' paperwork.
9. Many banks do not choose to lend to low-income or have a program particularly for low-income families because it is time consuming and do not get paid extra to do it (do not have a higher commission).

Are any of these regulatory?
1. Yes, DCAs program regulations do not match FHAs.

Proposed Solutions
1. Have a higher interest rate from Year 1 to Year 5, but can lock in once credit and income issues have been resolved to a lower interest rate.
2. Ensure continuous counseling—Make it mandatory for homebuyers to continue with financial/post home buying classes as a part of loan forgiveness.
3. Go Green! Cheaper to maintain, may cost more on the front end.
4. Property tax relief for affordable rental units.
   a. Look to assess property based on the income-approach and not market rate
   b. Property Assessment could be based on deed restriction.
5. DCA should push for properties with LIHTC to have tax exemption status.

6. Establish housing fund to assist in the gap—workforce housing—those not able to receive funds from current programs.

Attendees:
1. Robin Haddock
2. Bernie Beier
3. Gregg Bayard
4. Petrina Turner
5. Lori Wilton
6. Ebony White
7. Martin Fretty

Financing/Funding

Obstacles	Regulatory	Solutions
Low incomes	No	1. Need better trained workforce that can attract better paying jobs that increase income and housing opportunities
Poor credit	Perhaps	4. State and Federal legislation that protects consumers from predatory lenders—mortgage, consumer debt, credit cards, etc. 5. Link local, state and federal benefits to successful participation in credit counseling/monitoring programs 6. Expand local credit/debt counseling programs
Sub-prime lending products	Yes	4. State and Federal legislation that protects consumers from predatory lenders—mortgage, consumer debt, credit cards, etc. 5. State and federal housing agencies need to develop legitimate sub-prime mortgage products or mortgage insurance products that are available home buyers with less than perfect credit
Home buyers: Not enough money for down payment, closing costs and gap financing	Perhaps	1. Need additional money/programs similar to DreamMaker, DreamSavannah, Section 8 homeownership, United Way IDA, FHLB Affordable Housing Grant Program 2. Need funding that is available to buyers above 80% of median income up to $75,000 annual household income 3. Establish a local housing fund financed with local revenue—perhaps general funds, hotel/motel room tax, etc. 4. Establish employer assisted housing programs similar to the City of Savannah's employee assisted home purchase program

Financing/Funding

Owner-Occupied home repairs: Not enough funding and owners typically unable to afford conventional bank financing due to very low incomes	Perhaps	1. Need additional money/programs similar to those operated by City of Savannah that provide grants/loans to protect building envelope and to help address major structural or system problems 2. Continue to support World Changers, Group Work Camps, Youth Build and Rebuilding Together volunteer home repair groups 3. Continue to expand volunteer home repair programs to include local groups and additional out-of-town groups
Rental housing : Not enough money to subsidize construction and maintenance of rental housing at an affordable price		1. Need additional money/programs that help maintain rental housing in good condition at an affordable price and help develop new rental housing that will be affordable. 2. Develop small scale home improvement loan program that can help landlords maintain property without significantly increasing rents 3. Continue to pursue LIHTC, Section 202 and other competitive funding for the production and maintenance of affordable rental housing 4. Seek to utilize Section 8 "project based" certificates for rental housing being developed in partnership with the City and/or HAS.

Financing/Funding

Limited resources for affordable housing maintenance and development	Perhaps	1. Unless incomes significantly increase, will need more money than that provided by HUD to provide affordable housing for households with incomes under $75,000 2. Establish local affordable housing fund using general funds, hotel/motel room tax, etc. 3. Provide developer regulatory incentives that would result in the construction of more affordable housing 4. Implement a voluntary or mandatory inclusionary zoning program that would produce and/or provide funding for more affordable housing 5. Utilize local government SPLOST, GO Bonds, Enterprise Zones, TADs and other financial tools to provide infrastructure improvements that make it possible to include affordable housing 6. Seek property tax relief similar to Stevens-Day for affordable housing developed and maintained in good condition in low-income census blocks. 7. Affordable housing property tax valuations should be based upon "income" rather than "market" approach and upon deed restrictions. 8. Establish employer assisted housing benefit programs for purchase and rent
Lending institution human resources – CRA for affordable housing is only as good as the lender's employees and management's commitment	No	1. All local lending institutions need to develop and appropriately compensate aggressive loan originators, officers and underwriters who have, as a priority, helping fund affordable housing for households under $75,000 a year.

What does affordable housing mean to you?
1. The lowest point a developer can build and still make a profit.
2. Sustainable, quality homes built for low-income households.
3. Housing based on what **any person** can afford.
4. Workforce Housing—housing for police, teachers, firemen, etc…
5. Housing, particularly, for single-parent household with two plus children.
6. The amount for which a person can purchase a home without subsidies (many people are unable to come up with money for closing/down-payments).

Do you develop affordable housing?
1. Yes, but not so much within the City limits because of land costs, city fees, etc….

What obstacles do you encounter in developing affordable housing?
1. Land costs
2. Rising costs of materials
3. Developers fees being imposed by the City
4. Not being able to purchase property because of clouded title.
5. Homebuyers' debt, income and credit.
6. Homebuyers who do not have down-payment or closing costs.
7. Those who want to buy a house, need subsidies to help, but do not qualify for home purchase programs because they make slightly more than the limits.
8. Determining what must be in the house to make it affordable and desirable.
9. Unable to make a profit off of "affordable housing" because of land and material costs.

Are any of the obstacles regulatory?
1. High taxes for non-profits who manage affordable housing property (i.e. Mercy Housing).
2. Code enforcement regulations
3. Zoning regulations—need to change many zoning codes
4. Slow process for getting permits
5. Those with criminal backgrounds, although they are trying to get back into mainstream, can not get housing. Most apartments have "crime-free housing rules."

What changes in building codes/permits/zoning would aid in you developing profitable affordable housing?

1. Faster process in getting permits.

     a. Suppose to be a 10-day turnaround, but if the developer needs to make any modification, the developer then must make the modifications and re-submit.
     b. If modification conflicts with another department, the cycle starts over again.
2. Time delays for inspections. Developers never know what time the inspector will inspect the development. Causes conflicts and holds up time.
3. Need to streamline process for approval within the City (reconcile internally).
4. Setback policies from City (front yard, rear yard and corner lot setbacks).
5. Lot size-If well designed, infill housing on 30' lots may fit the character of **certain** neighborhoods.
6. Lengthy review process in Engineering
7. Increased costs to get plats recorded.
8. Change law in eminent domain to allow City to purchase vacant/abandoned lots to clear titles.

Proposed Solutions

1. Reconcile process within the City internally to eliminate time constraints.
2. Develop a process in which the developers can see where the inspectors are or how many inspections they have to do for the day, giving the developer an opportunity to know an estimated time/timeframe for when their inspection will be completed.
3. Have many developers come together and buy material wholesale to get at a lower cost.
4. Increase taxes on blighted property.
5. Change eminent domain laws to clear titles.
6. Have design standards for houses being built on 30' lots in certain neighborhoods.
7. Change process for modifying setbacks. Eliminate going to Zoning Board of Appeals, if infill house matches neighborhood setbacks.
8. Educate home buyers about various programs to help with down-payment and closing costs.
9. Since the purchase of a home is the beginning stages for generating wealth, have more programs that assist in down-payment/closing costs, especially for those in the workforce (teachers, police, firemen).

Attendees:
1. Tom Thomson
2. Corde Wilson
3. Aaron Fox
4. Petrina Turner
5. Martin Fretty
6. Steve Wohlfeil
7. Tom McDonald
8. Gary Udinsky
9. Andy Udinsky

10. Scott Singeisen
11. Virginia Brown
12. Jason Carangelo
13. Randy Peacock
14. Ryan Thompson
15. Denise Grabowski
16. Pamela Oglesby
17. Malik Watkins
18. Corey Phillips

Builders/Developers/Designers

Obstacles	Regulatory	Solutions
Increasing cost of land and construction drive up cost of producing and retaining affordable rental housing		7. Establish local, non-federal, housing fund to provide and leverage other funds for housing development (property acquisition, infrastructure and building); down payment and gap financing assistance; and maintenance. 8. Continue to use annual HUD allocations (ie CDBG, HOME, ESG, etc.) to leverage private investment that subsidizes affordable housing development. 9. Continue to apply for LIHTC, Section 202, Federal Home Loan Bank and other competitive funding that subsidizes affordable housing development costs. 10. Use City/County SPLOST, GO Bonds, etc. to help pay for affordable housing infrastructure. 11. Use Enterprise Zone and Urban Redevelopment Plan designation to support affordable housing and neighborhood revitalization. 12. Provide "project based" Section 8 rental housing certificates in conjunction with City or HAS supported neighborhood revitalization initiatives. 13. Develop incentives that encourage affordable housing development
Rising land costs	No Yes	6. City/County/Land Bank Authority should purchase critical parcels of land when available and should seek to purchase property in anticipation of future growth before the land becomes too expensive. 7. Higher density, smaller lot sizes and other similar reforms would reduce per unit land costs.
Density too low	Yes	2. Increase density allowances
Lot area too large	Yes	1. Decrease minimum lot area requirements
Lot widths too large	Yes	1. Decrease minimum lot widths
Front setbacks too large	Yes	1. Decrease and/or more flexibility 2. Simplify 200' existing block face calculations
Rear setbacks too large	Yes	1. Decrease and/or more flexibility 2. More staff approval rather than ZBA

Builders/Developers/Designers

15' side yard setbacks for corner lots too large	Yes	1. Decrease and/or more flexibility 2. More staff approval rather than ZBA
Lot area building coverage	Yes	1. Increase and/or more flexibility 2. More staff approval rather than ZBA
Parking requirements too much for some types of housing (ie Senior)	Yes	1. Review and propose new requirements
Street widths too wide	Yes	1. Review and propose new widths
Design reviews take too long	No	1. Cut to 21 days
Board reviews take too long	Perhaps	1. Reduce board reviews and provide staff with more discretion/approval authority to cut down on delay.
Field inspection coordination and communication – 10% of time to build houses spent waiting on field inspections	No	1. Improve communication and reduce down time associated with field inspection delays.
HUD Regulations – SHPO	Yes	6. Need reform
HUD Regulations – Lead Paint	Yes	1. Need reform
HUD Regulations – Davis-Bacon	Yes	1. Need reform
Material costs getting too expensive	No	1. Form consortium of developers/builders to purchase materials a wholesale or greatly reduced prices due to volume. 2. Tax incentives for purchasing materials used for affordable housing 3. Purchase recycled materials
Theft and vandalism	Perhaps	1. Increased police presence and response.
Bonding requirements	Yes	1. Should be less than 50% of project 2. Should reduce as project is being satisfactorily completed
Permit/Development Fees	Yes	1. Reduce and/or waive for affordable housing development 2. Reduce and/or waive water and sewer tap fees for affordable housing 3. Reduce and/or waive impact fees for affordable housing
NIMBYism	Perhaps	1. Take the NIMBY factor out of design reviews by not allowing neighborhood protests to kill affordable housing development

Carl Vinson **Institute of Government**

The University of Georgia

CITY OF SAVANNAH AFFORDABLE HOUSING STUDY

In support of the City of Savannah's effort to address concerns with affordable housing, the "Affordable Housing and Regulatory Reform Task Force" commissioned this study by the Carl Vinson Institute of Government to state a definition of affordable housing as well as identify its supply and location, existing demand, and project future demand within a 10 and 15 year window. This was accomplished through acquisition of data from the City of Savannah Housing Department, Development Services, the Metropolitan Planning Commission (MPC), and the U.S. Census Bureau.

A review of best practices produced a model utilized by the Shimberg Center for Affordable Housing at the University of Florida. This model allows for greater control in projection error by utilizing both extrapolative and ratio techniques to average high and low estimates. It also allows for the inclusion of local area data from the MPC as a means to utilize more precise data. Data was also included from the National Low Income Housing Coalition (NLIHC) as a means to provide a comparative assessment between Savannah and other cities in Georgia.

While definitions of affordability remain debatable based upon the perspectives of developers, housing professionals, and consumers, this study utilizes the standard HUD definition defining cost burden as a person paying more than 30% of their gross earnings on housing costs. According to the NLIHC, the Savannah Metropolitan Statistical Area (MSA) has the third
highest required hourly wage necessary to afford a two-bedroom apartment at the fair market rate. Only Atlanta and Gainesville ranked higher in the state of Georgia.

The area median income for the MSA is approximately $54,800. This is substantially higher than the median household income for Savannah ($29,050), thus, affordability calculations are made specifically on the city of Savannah so as to produce the clearest insight into local housing dynamics.

While the recent significant increase in housing foreclosures indicate a wide spread affordability problem, the populations with the greatest challenge to accessing affordable housing are those characterized as 'Extremely Low Income' and 'Very Low Income'. According to custom tabulations from U.S. Census Bureau data, 'Extremely Low Income' households have an average cost burden of 74% and 'Very Low Income' households have an average cost burden of 48%. This is significantly higher than the 30% standard. Nearly 35% of those households making less than the median income are paying more than 30% of their income on housing. As a result of the consistent demand for housing, as indicated by vacancy rates, the market will most likely continue to place pressure for higher housing rates.

To help off-set this challenge, there are currently 7,233 units available in Savannah where some form of subsidy is applied. However, based upon market conditions, there are still approximately 20,000 households paying more than 30% of their gross income for housing costs. The effects of this need manifest in the built environment as many of these households with lower incomes locate in sub-market areas with lower costs. Eventually, these concentrations of extremely and very low-income households require other public expenditures which compound the social costs associated with a lack of affordable housing. As the City of Savannah and its region continue to grow in population, the demand for housing will expand. The projection model indicates

that by 2018 and 2023 total population in Savannah will increase to approximately 166,534 and 168,983 respectively. However, minus the institutional population, the projection is for approximately 140,000 residents. Thus, the projected need for the year 2018 is 24,513 units (12,811 Owner and 11,702 Rental). The project need for the year 2023 is 25,208 units (13,132 Owner and 12,076 Rental Units).

A review of the data clearly indicates that as income decreases, affordability problems increase. And, low income residents tend to need affordable rental opportunities and higher income residents require affordable homeownership opportunities. Additionally, household formation rates indicate that a substantial number of households with affordability challenges are being produced by younger residents.

According to the barriers identified by the 'Task Force', the primary issue influencing the production of affordable housing is cost. Thus, this research considered some of the challenges associated with new in-fill development and housing rehabilitation. Challenges associated with new in-fill development include financing and the availability of land. Challenges with rehabilitating existing housing include financing and also the unpredictable nature of undiscovered collateral damage (e.g. termites, water, and structural).

The cost issues associated with in-fill and rehabilitation were explored through the use of a linear costing model and by data provided by the City of Savannah Housing Department. Evidence exists to indicate that the rehabilitation policy regarding development should be considered as part of a broader strategy to produce affordable housing. In addition, the

following specific steps should be undertaken to address affordable housing needs:

- Increase the number of market rate units for rental and ownership, (with particular emphasis on two-bedroom apartments and low cost three-bedroom units)

- Encourage development of affordable units in Savannah's outer-lying areas (e.g. New Hempstead and Godly)

- Develop mechanisms to measure and mitigate the increased competition produced by rising levels of institutional populations (e.g. SSU and SCAD)

- Develop strategies to reduce the household formation rates of younger low-income households

- Build the resources, technical abilities and capacity of the local non-profit housing development industry

- Explore the potential of initiating and supporting a non-profit housing developer targeting the city of Savannah

- A steering committee of private/public firms must be established to identify strategic frameworks

- Consideration should also be given to the establishment of a "worst case scenario' contingency fund to mitigate the risk associated with pro-forma changes

In conjunction with the U.S. Department of Housing and Urban Developments National Call to Action for Affordable Housing through Regulatory Reform, the Mayor and Aldermen of the City of Savannah established the Affordable Housing & Regulatory Reform Task Force for the purpose of reviewing local, state and federal regulations that may contribute to barriers to affordable housing development and provision in Savannah.

To support this goal, the Task Force commissioned a study of affordable housing in Savannah for the purpose of identifying the full spectrum of issues regarding affordable housing including:

1. defining affordable housing
2. identifying the existing supply and location of affordable housing
3. ascertaining existing demand for affordable housing
4. projecting future (10 and 15 year) demand for affordable housing
5. determining affordable housing barriers and solutions in collaboration with the City of Savannah's Affordable Housing & Regulatory Reform Task Force

To achieve this end, cooperation in the form of data provision was provided by the City of Savannah Housing Department, Development Services Department, Housing Authority of Savannah, Georgia Legal Services, the Metropolitan Planning Commission, and the U.S. Census Bureau.

Initially, the affordable housing task force held several focus groups with community stakeholders. The thematic results in tandem with HUD regulations were utilized to develop definitions of affordability from the perspectives of consumers, housing professionals and developers. To identify and explore the affordable characteristics of housing affordability in Savannah, a sample of households was obtained from the U.S. Census Bureau. This facilitated the development of customized tabulations not as accessible in standard census data. Statistical procedures were then utilized to make inferences to the broader population. Validity was ensured by comparing sample statistics to the standard tabulations for Savannah.

Data was also utilized from the Housing Authority of Savannah and other groups to identify the quantity and location of existing affordable housing (including locations of Section 8 voucher use). While this was effective in identifying subsidized units, an index was developed that considered household income. This allowed for the identification of households based upon whether or not they could afford to purchase a home at the median sales price for Savannah over the past two years.

As a means to make an effective projection of the affordable housing need over the next 10 and 15 years, a review of multiple affordable housing reports was performed along with their methods of analysis. As a result of this review, a specific model was produced that matches the environment of the city of Savannah, including customized tabulation from U.S. Census Bureau Data. A basic methodological component of making population projections consists of the viability of base-line data. Typically, historical trends in population changes are accounted for over-time and multiple methods can then be utilized to extrapolate those changes over future projection periods. This historical base line data typically consists of census data. Thus, any

errors contained in the census data can be exacerbated in the projection process.

While census data provides the most viable picture of long term population dynamics, counts of Savannah's population have been disputed based upon building permit and traffic zone projections produced by the Metropolitan Planning Commission. In these instances, averaging is utilized to mitigate potential errors. As population projections are not an exact science[1], this is an appropriate mechanism to increase estimate validity.

Projection techniques tend to fall within two categories: extrapolation and ratio. Extrapolative methods utilize a base period (e.g. 1990 or 2000), and use historical changes to predict future population levels. Ratio methods consider an area's spatial population as a proportion of a larger spatial unit (e.g. county, region, state). In an extrapolation, the strength of projection is reliant upon the accuracy of the numbers in the base period. Accordingly, ratio methods are reliant upon the accuracy of the numbers in both the target area and the comparative larger spatial unit. Symptomatic data (e.g. vital statistics, housing units, traffic patterns, etc.) tends to be the most useful in identifying changes and trends in overall population. This type of data that serves as an indicator of shifting demographics is provided by the Metropolitan Planning Commission and is considered in the overall population projection. The absence of a specific standard method can produce widely varied results. Thus, the methods utilized in this projection utilize averaging to minimize errors associated with projections that are significantly larger or smaller.

Additionally, while the accepted standard utilized to assess affordability is 30%, this standard does not effectively capture all the dimensions of how cost burden may affect families.[2] In summary, some households may choose to actually pay over 30% based upon housing preferences, older households may have significantly less flexibility in mitigating the 30% cost burden, and larger households generally have higher costs on other items indicating a descent quality of life that may make the 30% non descriptive of the affordability problem.

These are issues highlighted in an alternative view of housing cost burden put forth by Shelter Poverty advocates.[3] Shelter Poverty challenges the generally accepted thought that the standard for affordability should be 30%. This implies that many households whose housing costs are below 30% are actually still burdened with high housing costs as a result of the many other costs that determine a good quality of life. These issues should be kept in mind while considering the implications of this housing study.

Traditionally, housing affordability is determined by assessing what percentage of an individual's income must be paid to cover housing costs. Access to affordable housing has been a perpetual socio-economic issue and remains a significant local and national policy issue. While perspectives may vary on the best approach to making housing more affordable, a general consensus does exist that it is a problem with the most significant impact at lower income levels (although it effects individuals at many income levels.) The National Low Income Housing Coalition (NLIHC) along with

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[1] Shimberg Center for Affordable Housing, University of Florida

[2] Pelletiere, Danilo, Treskon, Mark, Crowley, Sheila. (2005) Who's Bearing the Burden? Severely Unaffordable Housing. National Low Income Housing Coalition. Washington, D.C.
[3] Stone, Michael. (1993). Shelter Poverty. Temple University Press. Philadelphia, PA.

the U.S. Bureau of Census release periodic reports illustrating the extent of this problem.

ranks 3rd highest in the state regarding hourly wage needed to afford a 2BR apartment at the fair market rate.

Table 1: Affordability of Two-Bedroom Apartments in Selected Georgia Metropolitan Areas

Metropolitan Areas	Hourly Wage Necessary to afford 2BR FMR	Two Bedroom FMR	Income Needed to Afford 2BR FMR	Full-time jobs at minimum wage needed to afford 2BR FMR	Annual AMI	Rent Affordable at AMI	30% of AMI	Rent Affordable at 30% of AMI	% of total households (2000)	Estimated Mean Renter Hourly Wage (2005)
Georgia	13.05	$679	$27,144	2.5	$58,203	$1,455	$17,461	$437	33%	$12.30
Atlanta/Sandy Springs /Marietta	14.98	$779	$31,160	2.9	$68,100	$1,703	$20,430	$511	33%	$14.39
Gainesville	14.50	$754	$30,160	2.8	$58,300	$1,458	$17,490	$437	29%	$11.24
Savannah	**13.52**	**$703**	**$28,120**	**2.6**	**$54,800**	**$1,370**	**$16,440**	**$411**	**36%**	**$10.24**
Athens/Clark County	12.79	$665	$26,600	2.5	$52,900	$1,323	$15,870	$397	43%	$9.38
Warner Robins	11.88	$618	$24,720	2.3	$58,900	$1,473	$17,670	$442	31%	$914
Chatham County	13.52	$703	$28,120	2.6	$54,800	$1,370	$16,440	$411	40%	$10.38

Generally, a market can be gauged by the expense associated with renting a two bedroom apartment. The NLIHC calculates a housing wage to measure affordability in housing markets. The housing wage is the amount a household must earn in order to afford an apartment at the fair market rate. Of all 50 states, Georgia ranks 26th in two-bedroom housing wage.[4] While this does take into consideration local wages and local housing costs, the persistence of poverty and economic gaps must also be considered in the southern region. Thus, Georgia ranks 17th in the number of minimum wage jobs needed per household. As illustrated in Table 1[5], the Savannah MSA

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Housing that is reasonably priced and targeted towards households that meet specific income guidelines is considered affordable. More specifically, housing is considered affordable if the household pays 30% or less of its monthly income to secure the housing and to pay its associated costs. Housing costs can include taxes, insurance, and sometimes utility bills for owners and renters. Many federal programs determine income limits on the basis of area median incomes for the area surrounding a particular location.[6]

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[4] National Low Income Housing Coalition – Out of Reach 2007 - 2008

[5] National Low Income Housing Coalition – Out of Reach 2007 - 2008

[6] U.S. Department of Housing and Urban Development: Office of Policy Development and Research. (December 2005). *Affordable housing needs: a report to congress on the significant need for housing: annual compilation of a worst case housing needs survey*

While the Area Median Income for the Savannah Metropolitan Statistical Area is $54,800, the median income for Savannah is utilized so as to illustrate a clearer picture of local affordability issues. The annual median household income for the City of Savannah is substantially lower at $29,050 dollars. To gain a better understanding of affordable housing needs in relation to householder income, the U.S. Department of Housing and Urban Development provides the following income categories:

- Extremely Low Income, Individual households in this group make 30% less than the area median income.

- Very Low Income, Individual households in this group bring home at least 30% of the area median income, but not more than 50%.

- Low Income, Individual households in this group earn between 50% and 80% of the area median income.

- Middle Income, Individuals in this group earn between 80% and 100% of the area median income.

Additionally, the connection between income levels, employment type, and housing cost burden often go unnoticed. To understand the impact of housing affordability, perceptions must go beyond just considerations for the persistently poor, but also to those who are considered a vital part of the local area workforce. Examples of occupations/types of jobs associated with specific wage levels are listed as follows (see Table 2):

Table 2: Wage and Employment Type

Wage Category		Employment Type
Extremely Low Income	<$8,175	Food Prep/Service, Wait Staff, Service Attendants
Very Low Income	$8,176 - $14,525	Retail Workers, Nurse Aids, Home Health Workers, Child Care Workers
Low Income	$14,526 - $23,240	Human Service Professional Assistants, Medical Clerks, Data Entry Personnel
Middle Income	$23,241 - $29,050	Elementary School Teacher, Social Service Providers, Medical Information Techs
Above Median Income	> $29,050	Close to Median: Entry Level Police Officers, City Workers, Lab Techs

The Savannah Housing Market is generally considered as consisting of Bryan, Chatham and Effingham counties. However, for purposes of this study, the specific area of focus is on the City of Savannah. The median income for the broader housing market or the Savannah Metropolitan Statistical Area is significantly larger than that for the City of Savannah's. Thus, the income and derived cost burden characteristics for the broader SMA would be significantly different than those of the City of Savannah proper. This could provide miscalculations on the extent of the cost burden calculated for the City of Savannah. Table 3 illustrates the income and associated cost burden for households in the city of Savannah and Chatham County.

Cost burden is determined through consideration of the percentage of income spent for mortgage/rent costs. Housing is generally considered to be affordable if the household pays less than 30 percent of their income on housing. Any cost over 30 percent is considered a cost burden. As illustrated, lower income households tend to have higher levels of cost burden. Households in Savannah have higher average levels of cost burden than Chatham County. Additionally, while the proportion of households with cost burden is similar, households in Savannah generally have higher levels of cost burden.

Table 3: Savannah/Chatham County Income Categories and Cost Burden

Savannah	Income Category	Range	# of Households	Average % Cost Burden	CI Lower Level	CI Upper Level	Average % of Income (Gross Rent)	Average % of Income (Selected Monthly Owner Costs)
Extremely Low Income	0 – 30%	< $8,715	6,372	74%	71%	78%	78%	73%
Very Low Income	31 – 50%	$8,715 - $14,525	5,977	48%	45%	51%	49%	48%
Low Income	51 – 80%	$14,526 - $23,240	8,724	34%	32%	36%	36%	33%
Middle Income	81 – 100%	$23,241 - $29,050	4,615	26%	24%	28%	27%	26%
Above Median Income	> 100%	> $29,050	25,688	17%	17%	18%	18%	18%

Chatham	Income Category	Range	# of Households	Average % Cost Burden	CI Lower Level	CI Upper Level	Average Percentage of Income (Gross Rent)	Average % of Income (Selected Monthly Owner Costs)
Extremely Low Income	0 – 30%	< $11,475	11,569	66%	63%	69%	69%	67%
Very Low Income	31 – 50%	$11,475 - $19,125	10,359	40%	38%	42%	43%	40%
Low Income	51 – 80%	$19,126 - $30,599	15,538	30%	28%	31%	30%	30%
Middle Income	81 – 100%	$30,600 - $38,249	8,072	24%	22%	25%	22%	25%
Above Median Income	> 100%	> $38,250	44,327	16%	16%	17%	16%	17%

Further examination of the data provides much clearer insight into the total demand for affordable housing in both Chatham county and the City of Savannah at multiple income levels. Utilizing point estimates, it is estimated that 40% of households in Savannah and 29% of households in Chatham county are paying over 30% of their income on housing costs. As observed in Tables 4 and 5, as household income increases the number and percentage of households with cost burden generally decreases.

While concentrations of poverty tend to be associated with the city of Savannah, the data indicates that a notable number of households that are extremely low income also reside outside of the Savannah city limits but within Chatham county. Housing market dynamics in the broader region also influence local housing markets. Low-income households tend to concentrate in areas most affordable to them.

The lack of opportunity to acquire affordable housing in the broader region can force households to then concentrate in economically depressed areas with lower housing costs. Thus, fewer opportunities in the county mean more households will concentrate in the city if those opportunities are available. Limited access to affordable housing for extremely low and low income households tends to manifest in the physical environment through concentrations of poverty.

However, affordability problems for middle and above median income households physically manifests through local economies. An absence of economic diversity can ultimately make it difficult to produce sustainable communities. This includes producing housing affordable to individuals who have positions that provide a benefit not exclusively economic. These benefits can include the social networking that improves community sustainability through the close proximity of housing for police officers, fire department personnel, governmental employees, and school teachers, etc.

Table 4: % of Savannah Households with Cost Burden

Savannah	# of Households > 30%	% of Total Households
Extremely Low Income	5,538	10.78%
Very Low Income	5,987	11.65%
Low Income	4,596	8.95%
Middle Income	1,569	3.05%
Above Median Income	2,735	5.32%

Table 5: % of Chatham Households with Cost Burden

Chatham	# of Households > 30%	% of Total Households
Extremely Low Income	9,282	10.33%
Very Low Income	6,390	7.11%
Low Income	6,726	7.49%
Middle Income	1,906	2.12%
Above Median Income	3,139	3.49%

The most recent data from the NLIHC and the American Community Survey assessing the local housing market takes into account rises in the minimum wage. These findings indicate that 54% of renters in the Savannah MSA are unable to afford the Fair Market Rate ($769) for a two-bedroom apartment (Area Median Income being $54,800). The continued challenge of accessing affordable housing can be determined through an analysis of the area vacancy rates.

Vacancy data is provided by the 'Multi-Family' Housing Survey (2006) produced by the MPC for Chatham County. While the region of analysis is at the county level, it is still appropriate to illustrate rental dynamics in Chatham County as many of these units reside in the southern portion of the city. Additionally, the average commute time for workers in Savannah is 21 minutes, thus many renters are actually commuting into the city from these areas. In summary, the MPC study findings indicate:

- rent per month for multi-family units not subsidized ranged from $475 to $1,200 with an average rent per month of $840.

- One and two bedroom apartments have the lowest vacancy rates.

- The overall vacancy rate is approximately 3.0%.

- Rental rates have been increasing for all size of apartment units

Table 6: Reported Vacancies by Type of Unit Chatham County

Apartment Type	Number of Units	Vacancies by Unit Type	Vacancy Rate
One Bedroom	5,347	149	2.8%
Two Bedroom	7,702	61	.8%
Three Bedroom	2,091	237	11.3%
Four Bedroom	245	18	7.3%
Total:	15,385	465	3.02%

A general measure on the implications of vacancy rates is indicated by the 5% benchmark. Vacancy rates above five percent generally indicate a supply of units high enough to produce more flexibility in pricing for consumers. A vacancy rate below five percent tends to indicate a lower supply of units thus less flexibility for consumers. As is indicated by Table 6, the most popular units (one and two bedroom units) have the lowest vacancy rates.
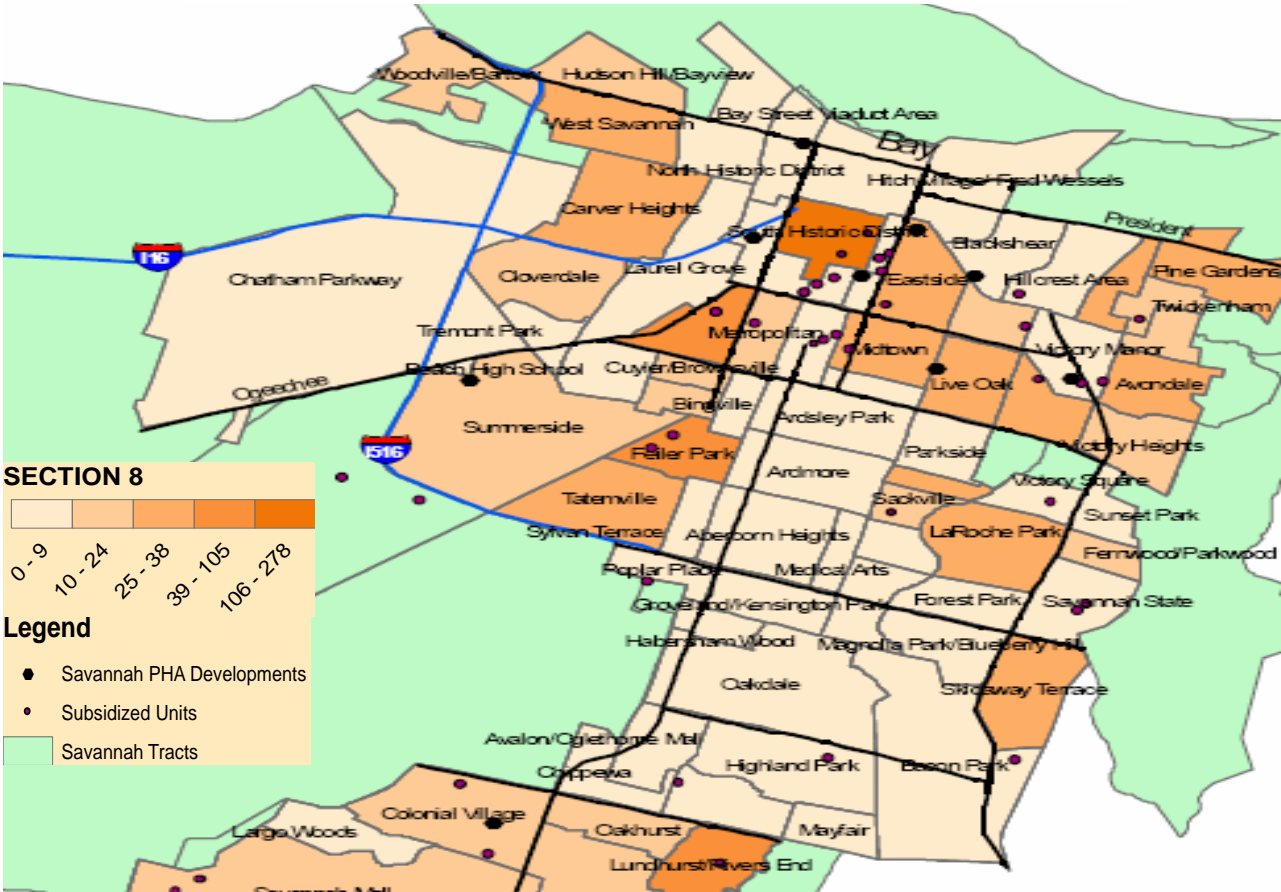
These low vacancy rates indicate a high level of demand for a limited number of units. This places upward pressure on rental prices making them more likely to be unaffordable for potential residents. Projections indicate that new potential growth will be located in the western portions of Chatham County. If affordability is not factored in to development considerations then this could lead to further socio-economic stratification and additional affordability challenges within the city limits. To illustrate the distributions and concentrations of affordability, the following graphics are provided.

Table 7: Section 8 Certificate and Affordable Units

Section 8 Voucher Concentrations	# of Households
South Historic	278
Feiler Park	105
Lundhurst	64
Cuyler	61
West Savannah	38
Pine Gardens	38
Live Oak	37
Brookview	36
Eastside	35
Avondale	34

Affordable Units	# of Households
Hope VI	154
Savannah Public Housing Authority	1,749
Section 8 Vouchers and In-Place Units	2,868
Non-PHA Subsidized Units	2,462
Sub-total	7,233
Total Savannah Households	51,375
Affordable Households	30,950
Un-met need in 2000 (estimate)	**20,425**
Un-met need in 2008 (estimate)	**23,696**

Figure 1: Section 8 Certificate and Affordable Unit Distribution
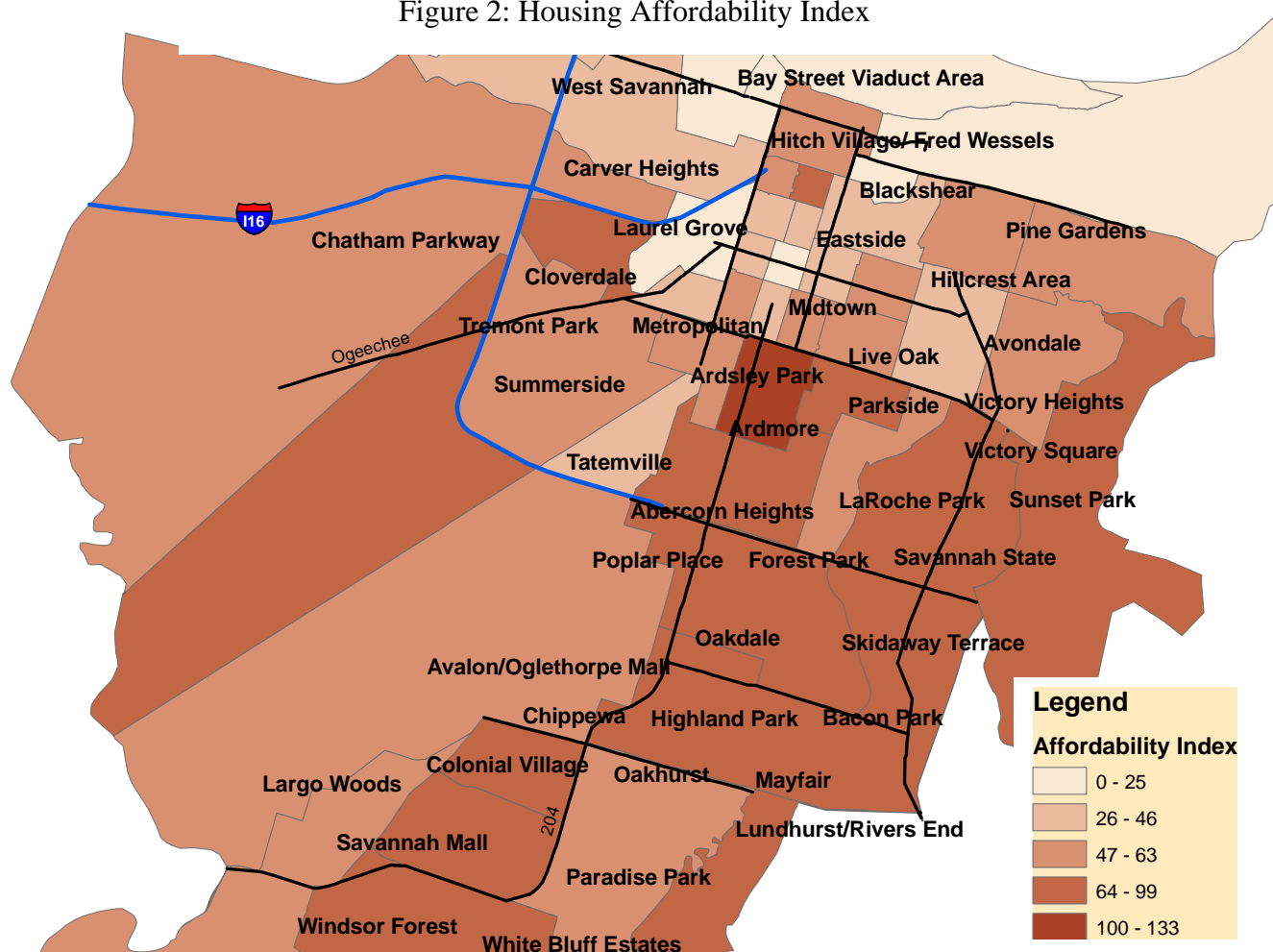
To determine the affordability of homeownership in the city of Savannah, a housing affordability index was created. The housing affordability index was produced by the National Association of Realtors and is calculated by dividing the household income by the qualifying income. In this instance, we are considering neighborhood classifications so the median household income for the corresponding census is utilized.

Qualifying income was determined assuming median sales value of $165,000 at 7% interest with a 10% down payment and the estimated mortgage payment being no greater than 25% of gross household income. The residual between 25% and 30% accounting for additional household costs

(e.g. taxes, utilities, etc.). Household income is utilized versus family income because family income may overestimate a household's ability to meet monthly mortgage expenses.

A higher number on the index indicates a household is more likely to be able to afford a home at the median sales price. A lower number indicates a household is less likely to be able to afford a home at the median sales price. If the number is below 100, the household has less income than what is necessary to afford a home at the median sales price. Correspondingly, numbers above 100 indicate a household may have more than what is required to afford the median sales priced home.

Figure 2: Housing Affordability Index

As mentioned in data considerations, extrapolative or ratio methods are generally utilized to make population projections. Once a population projection is made, then an estimate of affordable housing needs can be formed. To identify the most appropriate method, a review of 'Best Practices' was performed as a means to identify the most relative mechanism for predicting affordable housing needs. While multiple methods exist that can make an overall estimation of need, there is generally no set standard or best method of projection. Thus, the most effective methods can then be assumed to be the one that best mitigates the error associated with the projection (e.g. least prone to over or under-estimation). This review of studies and methods included:

i. Georgia Coast 2030: Population Projections for the 10-County Coastal Region. Georgia Tech (2006)

i. An Evaluation of Population Projections by Age. Stanley Smith and Jeff Tayman (2003)

i. An Evaluation of Population Projection Errors for Census Tracts. Stanley Smith and Mohammad Shahidullah (1995)

i. A Short Method for Projecting Population by Age from One Decennial Census to Another. C. Hamilton and Joseph Perry (1962)

i. Affordable Housing Needs Assessment. Shimburg Center for Affordable Housing (2006)

A review of methods resulted in the selection of the "Affordable Housing Estimation Model" developed by the Shimburg Center for Affordable Housing. This method is implemented by first identifying the base year population from which the projections will be made; the projection is then made for the target years; utilizing Hamilton-Perry Ratios, the projection is then broken down to identify age group proportions; this allows for the identification of headship rates (head of household formation by age group); then, based upon the cost burden/other characteristics of each household, household formation rates can be applied to determine the affordable housing needs for the target projection years.

The method focuses on identifying affordable housing needs excluding the institutional populations (e.g. prison, college students, and military personnel). Thus, the numbers will differ significantly from the findings of other methods where the institutional population has not been removed. This poses a particular challenge in identifying accurate numbers of need as many of the individuals in the institutional population also compete with residents for affordable housing (e.g. SSU and Indigo Point, and SCAD and downtown savannah.

The estimation model provides a prediction of gradual population increases over the target period (see Table 8). This is in line with the projected increases associated with the south eastern region of the United States in addition to Chatham County being a retirement destination. Although many of the retirement communities are outside of the Savannah city limits, moderate increases are indicated. The population differences

from 2018 to 2023 appear to be moderate, but changes in household formation are driven by age related household formation (see Table 9). The addition of the institutional population is projected to drive more substantial growth.

While the population projections are an essential component, identifying the rate of household formation by age group is necessary to estimating future demand. Household formation rates are assumed to be constant over time and are produced by dividing the number of householders in each age/tenure group by the total population of that age group (see Table 10).

Table 8: Population Projections

Average Projection for Year:	Total Population
Target Year 1: 2018	138,934
Target Year 2: 2023	139,783

Table 10: Household Formation

Age	Owner	Renter
15 – 24	2.15%	21.47%
25 - 34	15.12%	42.72%
35 - 44	28.99%	33.70%
45 - 54	40.90%	26.73%
55 - 64	50.44%	22.04%
65 - 74	58.36%	20.34%
75+	52.35%	24.76%

Table 9: Projections by Age

Age	2018	2023
0 – 4	12,374	12,548
5 - 9	13,194	13,379
10 - 14	9,479	9,914
15 – 19	11,784	12,384
20 - 24	10,841	10,434
25 - 29	10,351	10,215
30 - 34	9,645	9,608
35 - 39	8,038	8,073
40 - 44	7,717	7,832
45 – 49	6,738	6,530
50 - 54	6,724	6,428
55 – 59	6,689	6,613
60 - 64	6,702	6,808
65 – 69	5,353	5,566
70 – 74	4,348	4,590
75+	8,957	8,863

Then by considering a comparable rate for housing tenure, age, and cost burden, an estimate of need is produced for each projection year (see Table 11).

Table 11: Projection of Affordable Housing Need

Age Categories	Owner 2018	Renter 2018	Owner 2023	Renter 2023
15 – 24	2,394	4,727	2,518	4,972
25 - 34	1,526	1,922	1,553	1,956
35 - 44	1,741	1,632	1,787	1,674
45 - 54	1,934	922	1,953	931
55 - 64	2,226	1,014	2,267	1,033
65 - 74	1,710	702	1,787	734
75+	1,281	785	1,268	777

Based upon these estimates, the total projected need for 2018 is 24,513 units (12,811 Owner Units and 11,702 Rental Units). The projected need for 2023 is 25,208 units (13,132 Owner Units and 12,076 Rental Units). A review of the distribution of need indicates that older householders generally have higher needs for owner-occupied housing, and younger householders have higher needs for rental housing. It must be noted that these numbers are not comparable to the 2000 findings as those figures include the institutional population.

AFFORDABILITY - APPRAISAL AND SALES VALUE

A key component to the development of affordable housing resides in the acquisition of developable property. The primary issue in property acquisition is the cost associated with developing site control or purchase price. Multiple methods exist to identify these costs. Comparable sales in a local market can be utilized to identify costs, and appraisal data can be used to get a general idea of what those costs would be. Sales prices are specifically determined by what the market will pay; however, the appraisal model does provide consistency in determining property valuation over time but does not necessarily provide the value that the market will pay to acquire the property.

Utilizing a combination of sales prices and appraised value over time can be used to produce a model to predict sales prices based upon appraisal value. This linear model is a multi-variate technique that uses the appraised value to explain variation in sales data. A linear regression was implemented to identify the relationship between sales price and appraised value (see Table 12).

Table 12: Multiple Regression Findings

	Statistic
Multiple Correlation Coefficient	.892
Coefficient of Variance: R^2	.768

The 'Multiple Correlation Coefficient' is an indicator of the magnitude of the relationship between appraisal value and sales value. The statistic of .892 indicates a very strong association exists between appraisal value and sales value and that knowledge of the appraisal value provides highly significant insight into the actual sales value.

The Coefficient of Variation as indicated by the R^2, explains the amount of variance explained by the appraised value. It is also used to describe the magnitude of the variation explained by the appraised value. This statistic of .768 also indicates a very strong association exists in the ability of the appraised value to explain variation in sales data. This indicates that a model can be effectively developed that effectively predicts sales value from appraisal value. This predicted value is produced from the regression equation of $Y' = a + b(x)$; where Y' is the estimated sales value, a is the constant, and b equals the y intercept. Thus, the regression equation is:

$$Y' = \$6.440.35 + 1.076 \, (x)$$

By utilizing this equation, the appraisal value for a parcel can be placed into the equation as (x). Once the operations of the equation are performed then Y' represents the predicted sales value of the appraised parcel. This then allows for an effective estimate to be made on the acquisition costs associated with

establishing site control of parcels targeted for affordable housing development.

REHABILITATION VS. IN-FILL HOUSING DEVELOPMENT

The costs for rehabilitation can be unpredictable because of collateral damage, while costs associated with in-fill housing development tend to be more predictable. Thus, resource constraints such as the availability of land or other economic development strategies may justify the use of a two-pronged strategy where in-fill and rehabilitation are combined. A portfolio such as this can be structured to provide economic and market balance while addressing costs for development.

Costs to rehabilitate property tend to increase because of conditional issues (e.g. water damage, compromised structures, asbestos and lead paint abatement). Conditional issues arise as a result of buildings not being maintained at an up-to-standard level over time. While the neglect of properties can cause many conditions, the most common that are problematic to developers are those that unexpectedly inflate costs.

Generally, these conditions are collateral damage associated with termites. Water damage from compromised seals is also a common factor. Water seepage that takes place in non-visible areas leads to structural deterioration. In addition, multiple factors can compromise the structural integrity of the building as indicated by shifting and leaning. The full extent of the damage is unable to be determined until physically exploring the property. Thus, costs for infill development are much easier to predict; however, there are standard costs also

associated with property rehabilitation. HUD and the City of Savannah (COS) establish these costs as follows:

Table 13: Estimated Rehabilitation Costs

Building Condition	HUD Estimates	COS Estimates
Minor	$ 9,924	$ 18,200
Moderate	$35,025	$ 53,200
Major	$93,401	$106,400

An accurate estimate of costs is dependent upon the ability to identify the full extent of building conditions and of any collateral damage. Often times the existence of unseen conditions can't be identified until a physical interior inspection is performed or once the work has started. A key component of project development is the formulation of the pro-forma. Unexpected collateral damage ultimately results in an unforeseen inflation of costs, with the net effect being a project that has become unprofitable and therefore unattractive. Reserve figures that may have been projected to be 10 – 15% can escalate significantly during the rehabilitation.

Once it is perceived that this local market is not profitable then it becomes unattractive to developers. Property values then may become stagnant, and affordable housing portfolios can then go into decline making their sustainability all the more difficult. Because there is then little to no appreciation of the property value, loans can not be acquired to then address funding shortfalls.

To explore the costs of affordable housing through both rehabilitation and in-fill development, pricing characteristics were considered as determined by HUD rehabilitation cost standards, predicted prices from a the linear estimation model, estimates by local developers, and cost estimates provided by the City of Savannah Housing Department. To illustrate differences, four neighborhoods, with higher amounts of vacant units, and one selected by the Housing Department (Feiler Park) were selected.

Under the linear projection model, rehabilitation costs for units requiring minor or moderate repair are estimated to generally cost less than in-fill housing. However, COS estimates indicate that rehabilitation of units requiring moderate repair can provide moderate cost savings in specific scenarios. The linear model considers the development of two-bedroom units while the COS projection estimates units with square footage, lot sizes

and number of bedrooms according to neighborhood. The linear model also has its averages influenced by the consideration of all lots in each neighborhood. This could have the effect of skewing the averages in a downward trend. However, it does account for variations in the appraisal format. All three models do have validity, based upon their mutually exclusive considerations. With the average housing sales price for the city of Savannah over the past two years being approximately $165,000, discretion must me be utilized when assessing price validity within the context of neighborhood characteristics.

As mentioned, the primary challenge in producing affordable housing is cost. While the models provide variations in estimated costs, the potential costs savings yield validity for consideration of more flexible policies.

Table 14: Rehabilitation and In-Fill Average Cost Matrix

Metropolitan	Linear Projection	COS Projection #1	COS Projection #2
Minor	$101,689	$180,500	$197,500
Moderate	$89,544	$173,000	$195,000
Major	$137,803	$150,250	$199,250
Vacant In-Fill	$161,127		$177,600
Midtown			
Minor	$61,982	$147,500	$158,500
Moderate	$86,504	$132,250	$138,250
Major	$136,429	$142,000	$159,000
Vacant In-Fill	$109,104		$142,680
Cuyler Brownsville			
Minor	$53,156	$128,000	$139,000
Moderate	$61,909	$132,500	$138,500
Major	$126,743	$137,250	$154,250
Vacant In-Fill	$122,066		$142,000
West Savannah			
Minor	$42,888	$128,750	$120,750
Moderate	$69,877	$118,250	$110,250
Major	$135,577	$130,500	$119,500
Vacant In-Fill	$105,302		$105,990
Feiler Park			
Minor	n/a	$122,600	$124,600
Moderate	n/a	$114,600	$106,600
Major	n/a	$130,000	$120,850
Vacant In-Fill			$118,980

As a consideration for implementation, it should be noted that these costs represent averages. An average can be greatly influenced by extreme high or low costs. In this case, these figures were projected by Housing Department staff to serve as a base-line for cost considerations. Additionally, variability in projections were produced through the linear estimation model and local developers. While this serves as a baseline estimate, a specific market study should be performed in order to acquire data that supports actual decision making.

The variation in costs may appear to be nominal or moderate in some instances; however, more detailed analysis could identify specific instances where this variation is indicative of the opportunity for major cost savings. Specifically, developers who can specifically benefit from cost savings techniques to strengthen their profit line should participate in the development of cost estimates.

IMPLICATIONS

The findings indicate that there is a considerable demand for affordable housing in the Savannah. Within the historical context of the high poverty rates, the challenge of finding affordable housing has been a persistent challenge for Savannah families. Savannah ranks third amongst Georgia cities in hourly wage, annual income and number of full-time jobs at minimum wage necessary to afford a two bedroom apartment. This most likely will only become more critical as a result of the following:

- projected population increases will continue to boost demand for existing units. Unless new units are built at

rates that off set demand, the market will continue to place pressure for higher prices.
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- insufficient amounts of two-bedroom apartments, creates market pressure for these units. Thus, prices for two-bedroom units as well as three and four bedroom units may be artificially high. A vacancy rate of .8% (benchmark for a balanced market averages approximately 5%) for two-bedroom units indicates these units are not available in sufficient numbers to produce more market balance. This is an additional indicator of how demand and a low availability of these units will keep prices higher.

- growth in institutional population (e.g. SCAD, AASU, and SSU) where housing demands are not met by institutions, place non-residents in direct competition with residents for existing affordable housing.

- household formation rates for younger households will continue to remain constant. Since these households are more prone to have lower incomes, households in this category tend to make a major contribution to the persistence of poverty. When this combines with low high school graduation rates, household poverty rates tend to compound.

- absence of a major non-profit housing developer (with the exception of Mercy housing) who can produce housing at a scale sufficient enough to make an impact, will continue to exacerbate cost burden problems for extremely low and very low income households.

Some of this demand will be offset by annexations and new construction in peripheral areas outside of Savannah's urban core. However, this may not address the increased demand for housing by the institutional population and could cause further

socio-economic isolation in sub-housing markets not able to compete with other areas in the city. This is particularly an issue in those sub-areas directly adjacent to the downtown historic district. Market demand may continue to keep housing prices out of reach for many Savannah residents, thus many of these households will either locate out of the city or migrate towards lower cost areas. In the case of those neighborhoods in direct proximity to the historic district, these areas may then become further socio-economically. Systemically, these areas add to the overall cost burden of the city as they become concentrated with poverty and further undermine the intended impact of the public school system on local economic development. This increased socio-economic stratification also undermines the investment made by the city in neighborhood development and the socio-economic diversity reflective of healthy urban core areas.

The migration of upper income, over median, households to Savannah could reduce overall poverty rates. If the total numbers of higher income households goes up while the number of impoverished households remain the same, then the overall poverty rates tend to go down. However, the persistently poor, extremely low income or very low income households, tend to remain in place. If these numbers were reduced as a result of a lower household formation rate, then the need for affordable housing would, at best, remain the same. However, migration rates have tended to not

out pace the household formation rates of households with high amounts of cost burden. Thus, it is projected that the amount of households with cost burden will increase significantly by the years 2018. Considering the current economic situation, this projection is conservative.

An additional issue results from consideration of the area median income. While the median household income for the Metropolitan Statistical Area (MSA) is $54,800, the median household income for Savannah is $29,050. Utilization of the MSA household income can underestimate the challenges faced by Savannah residents when considering the affordability of both rental units and homeownership opportunities unless the goal is the draw in potential residents from areas outside of the city of Savannah.

This is highly significant as the median sales price of a home in Savannah over the past two years is approximately $165,000. This price, at the minimum, requires a household income over $47,000 (assuming a 25% gross income cap). While programs and services put in place have been effective, the overall combination of socio-economic and market factors makes housing affordability a persistent challenge. The combination of increased demand coupled with institutional population growth, high household formation rates for impoverished households, low vacancy rates, and a local under-developed non-profit housing sector combines to make this pressing matter all the more significant. This does not include the impact that concentrated poverty has on local economic development systems such as housing markets and school systems.

IMPLICATIONS

To address the factors contributing to the housing affordability problem, the following strategies should be implemented:

- Increase the production of market rate units, including two-bedroom apartments. This can move the supply closer to actual demand. Moving the vacancy rate closer to 5% will result in a more balanced supply and demand of units; thus, increasing the probability of alleviating pressure for higher rents. Consideration should also be given to increasing the supply of lower cost three-bedroom units since lower income families can tend to have higher household sizes.

- When increasing production, care must be exercised not to encourage production that results in the over-concentration of units in specific neighborhoods. Thus affordable housing must be encouraged in Savannah's outer-lying areas (e.g. New Hempstead and Godly).

- Develop mechanisms to measure and mitigate the increased competition produced by rising levels of the institutional population (e.g. SSU and Indigo Point; SCAD and the downtown market area).

- Develop strategies to reduce the household formation rates of younger uneducated households more likely to be in a state of poverty.

- Build the resources, technical abilities and capacity of the local non-profit housing development industry. This would include the provision of technical assistance, capitalization, and access to developable land.

- Explore the potential of initiating and supporting a non-profit housing developer targeting the city of Savannah. This developer should have technical expertise in complex multi-source funding mechanisms, in-fill development, rehabilitation, large multi-family as well as scattered site projects.

While these strategic considerations are important, they are secondary to a critical issue: cost. An effective way to deal with the level of funding required is to minimize costs in establishing control of development sites. While all the cost matrix projections have some validity, a primary component for initiating this type of strategy is the invested input of a separate development entity. Cost is a primary concern: however, there are multiple levels of issues that serve as challenges to the development of affordable housing. A 'Best Practice' for producing market mitigation strategies includes input from financiers, property managers, real estate brokers, developers, capital firms, lending agents, legal experts, and governmental agencies.

- A steering committee of private and public firms must be established to identify strategies to address each specific concern. This includes the establishment of site control for development, land banking, potential uses of eminent domain, title clearance and mitigation, private and non-profit development, as well as models for qualifying potential residents for homeownership.

- Consideration should also be given to the establishment of a "worst case scenario' contingency fund to mitigate the risk associated with pro-forma changes.

Additionally, consideration should be given to the benefits of utilizing housing rehabilitation in any strategic affordable housing development strategy. Estimates of property acquisition costs and rehabilitation showed variation in projected total costs; however, in some instances there is potential for significant cost savings. This cost savings can be even more pronounced considering the systemic costs associated with vacant and abandoned properties.[7] These costs tend to be hidden within overall city expenditures.

The substantial amount of resources potentially utilized to cover annual city servicing costs for vacant and abandoned properties is compounded by the cumulative lost property tax revenue to the city and school district. In areas where there are high concentrations of vacant and abandoned properties, the under-performance of the sub-housing market can result in lower levels of home equity, reduced sales prices and pockets of crime that further under-mine city programs, social viability, and community health.

The conversion of vacant and abandoned properties into affordable housing can, in-effect, address multiple concerns utilizing the same strategic development: expanding the affordable housing supply, increasing city and school district revenue through tax collections, triggering private market development as a result of city investments, and reducing pockets of poverty by improving the socio-economic environment of challenged neighborhoods. Housing cost burden is endemic to market based systems. Thus, taking a hands-off approach to its mitigation will generally result in the continuation of the problem. However, engaging market participants in issue resolution can strengthen the ability of private and non-profit firms in developing market.

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[7] Community Research Partners. 2008. $60 Million and Counting: The cost of vacant and abandoned properties to eight Ohio cities. Columbus, Ohio.

What does Affordable Housing Mean?

Renter Focus Group

   Renters:
- Housing that a tenant can afford based on the income you receive monthly.
- Housing for people on fixed income or unemployed.
- Housing that meet the basic needs and will allow a household to pay bills without struggling to save.
- **Low Income Housing:** Housing that requires a public subsidy in order to be affordable for the renter.

   Landlords:
- Housing that a tenant can afford to rent without public subsidy (i.e. rent subsidy, utility subsidy, development subsidy, property tax subsidy).
- Unsubsidized rent that does not exceed 10% to 15% of low-income renters' household income.

Homeowner Focus Group
- Housing you can afford based on the resources you have.
- Housing that costs between 30-35% of household income.

Homebuyer Focus Group
- The ability to fulfill financial mortgage obligation without paying more than 30% of the gross household income.
- Housing for the community's workforce.

Special Needs Focus Group
- Housing that costs between 3-35% of household's income that will accommodate for those residents that have a special need.
- Basic shelter that does not cost too much, if anything (homeless).

Workforce Focus Group
- Housing for those in the low-to-moderate income bracket including those members of the community's workforce.

Housing & Community Organizations
- Housing for households earning less that 50% of the median income where payments are not more than 30% of net income (Habitat).
- Housing that costs about $70,000 to develop with monthly payments ranging between $200 and $300 (Habitat).
- Housing where costs do not exceed 30% of adjusted gross income.
- Housing that offers more than living space, but offers social service programs.
- Housing for those who earn slightly more than what many programs provide for (i.e. city of Savannah's DreamMaker Program).
- Housing for the community's workforce.
- Housing that allows a person to afford where they live or want to live.

Homebuilder/Developers/Design Professionals

- The lowest cost that a house can be built while still allowing the builder/developer to make a profit.
- The bare minimum that has to be in a house for it to be affordable and desirable to the occupant.
- Housing for single mothers making about $26,000 or less per year.
- Sustainable, quality homes built for low-income households.
- Housing based on what **any person** can afford.
- Depends upon how much a household makes—the more you make, the more you can afford (visa-versa).
- Housing for the community's workforce.
- Housing that generated wealth/assets for the purchaser.
- Housing that is near the occupant's workplace.

Financing/Funding Focus Group

- Workforce housing for households making $32,000 or less per year.